

**REINSURANCE DIRECTIVE (CONSEQUENTIAL AMENDMENTS)
INSTRUMENT 2006**

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);
 - (3) section 156 (General supplementary powers);
 - (4) section 157(1) (Guidance);
 - (5) section 340 (Appointment); and
 - (6) paragraph 17(1) of Schedule 1 (Fees).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force as follows:
- (1) Part 1 of Annex A and Annex C come into force on 6 November 2006; and
 - (2) the remainder of this instrument comes into force on 31 December 2006.

Amendments to the Handbook

- D. The modules of the FSA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls (SYSC)	Annex B
Fees manual (FEES)	Annex C
Interim Prudential sourcebook for Insurers (IPRU(INS))	Annex D
Supervision manual (SUP)	Annex E

Citation

- E. This instrument may be cited as the Reinsurance Directive (Consequential Amendments) Instrument 2006.

By order of the Board
25 October 2006

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text. Where new definitions are being inserted, the text is not underlined.

Part 1: New definitions

Insert the following new definitions in the appropriate alphabetical position:

<i>captive reinsurer</i>	<p>a <i>pure reinsurer</i> owned by:</p> <ul style="list-style-type: none">(a) a financial <i>undertaking</i> other than an <i>insurance undertaking</i> or a <i>reinsurance undertaking</i>; or(b) a <i>group</i> of <i>insurance undertakings</i> or <i>reinsurance undertakings</i> to which the <i>Insurance Groups Directive</i> applies; or(c) a non-financial <i>undertaking</i>, <p>the purpose of which is to provide <i>reinsurance</i> cover exclusively for the risks of the <i>undertaking</i> or <i>undertakings</i> to which it belongs or of an <i>undertaking</i> or <i>undertakings</i> of the <i>group</i> of which that <i>pure reinsurer</i> is a member.</p>
<i>EEA ISPV</i>	<p>an <i>ISPV</i> (including a <i>UK ISPV</i>) whose head office is in any <i>EEA State</i> and which has received authorisation pursuant to article 46 of the <i>Reinsurance Directive</i> from its <i>Home State Regulator</i>.</p>
<i>EEA pure reinsurer</i>	<p>a <i>reinsurance undertaking</i> (other than an <i>ISPV</i>) whose head office is in any <i>EEA State</i> except the <i>United Kingdom</i> and which has received authorisation under article 3 of the <i>Reinsurance Directive</i> from its <i>Home State Regulator</i>.</p>
<i>insurance special purpose vehicle</i>	<p>an <i>undertaking</i>, other than an <i>insurance undertaking</i> or <i>reinsurance undertaking</i> which has received an official authorisation in accordance with article 6 of the <i>First Non-Life Directive</i>, article 4 of the <i>Consolidated Life Directive</i> or article 3 of the <i>Reinsurance Directive</i>:</p> <ul style="list-style-type: none">(a) which assumes risks from such <i>insurance undertakings</i> or <i>reinsurance undertakings</i>; and(b) which fully funds its exposures to such risks through the proceeds of a debt issuance or some other financing mechanism where the repayment rights of the providers of

such debt or other financing mechanism are subordinated to the *undertaking's reinsurance obligations*.

ISPV an *insurance special purpose vehicle*.

life protection reinsurance business *reinsurance acceptances which are contracts of insurance:*

- (a) falling within *long-term insurance business class I*; or
- (b) falling within *long-term insurance business class III* and providing *index-linked benefits*;

that are not:

- (c) *with-profits insurance contracts*; or
- (d) *whole life assurances*; or
- (e) contracts to pay annuities on human life; or
- (f) contracts which pay a sum of money on the survival of the life assured to a specific date or on his earlier death.

mixed insurer an *insurer* (other than a *pure reinsurer*) which carries on *reinsurance business* and where one or more of the following conditions is met in respect of its *reinsurance acceptances*:

- (a) the *premiums* collected in respect of those acceptances during the previous *financial year* exceeded 10% of its total *premiums* collected during that year;
- (b) the *premiums* collected in respect of those acceptances during the previous *financial year* exceeded €50 million; and
- (c) the *technical provisions* in respect of those acceptances at the end of the previous *financial year* exceeded 10% of its total *technical provisions* at the end of that year.

permanent health reinsurance business *reinsurance acceptances which are contracts of insurance falling within long-term insurance business class IV*.

Reinsurance Directive the Directive of 16 November 2005 of the European Parliament and of the Council (No 2005/68/EC) on reinsurance and amending the *First Non-Life Directive* and the *Third Non-Life Directive* as well as the *Insurance Groups Directive* and the *Consolidated Life Directive*.

reinsurance undertaking an *insurance undertaking* whose *insurance business* is restricted to *reinsurance*.

UK ISPV an *ISPV* with a *Part IV permission* to effect or carry out contracts of *insurance*.

Part 2: Amended definitions

Amend the following definitions as shown:

admissible asset (1)...
(2) ~~(in PRU)~~ otherwise:
(a) (in relation to an insurer which is not a pure reinsurer)
an asset that falls into one or more categories in *PRU 2 Annex 1R*; or
(b) (in relation to a pure reinsurer) an asset the holding of which is consistent with compliance by the firm with *INSPRU 3.1.61AR*.

EEA firm ...
(f) ...
(g) an undertaking pursuing the activity of reinsurance (within the meaning of article 1 of the Reinsurance Directive) which has received authorisation under article 3 of the Reinsurance Directive from its Home State Regulator.

insurance health risk and life protection reinsurance capital component one of the components of the *long-term insurance capital requirement* as set out in *PRU 7.2.85R* to *PRU 7.2.86R*.

insurance holding company (1) a *parent undertaking*, other than an *insurance undertaking*, the main business of which is to acquire and hold participations in *subsidiary undertakings* and which fulfils the following conditions:
(a) its *subsidiary undertakings* are either exclusively or mainly *insurance undertakings*; and
(b) at least one of those *subsidiary undertakings* is an *UK insurer* or an *EEA firm* that is a *regulated insurance entity* or a *reinsurance undertaking*; ~~and~~

(e) ~~it is not a mixed financial holding company.~~

a parent undertaking, other than an insurance undertaking, that fulfils the conditions in paragraphs (1) (a) and (b) of this definition is not an insurance holding company if:

(c) it is a mixed financial holding company; and

(d) notice has been given in accordance with Article 4(2) of the Financial Groups Directive that the financial conglomerate of which it is a mixed financial holding company is a financial conglomerate.

(2) ...

insurer

a firm with permission to ~~effect~~effect or carry out contracts of insurance (other than ~~a bank~~a UK ISPV).

regulated related undertaking

a related undertaking that is any of the following:

....

(f) an insurance holding company; or

(g) an EEA ISPV.

Annex B

Amendments to Senior Management Arrangements, Systems and Controls (SYSC)

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

...

3A.1.1 G ...

3A.1.1A G SYSC 3A applies to a UK ISPV.

...

Annex C

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text.

...

FEES 3 Annex 1R Authorisation fees payable

...

Part 2 ...

Moderately Complex Cases R

Moderately complex cases	
Activity grouping	Description
...	
A.2	<i>Mortgage lenders and administrators</i>
<u>A.3</u>	<u>UK ISPVs</u>
<u>A.4</u>	<u>UK ISPVs</u>
...	

...

Complex Cases R

Complex cases	
Activity grouping	Description
...	
A.3	Insurers - general (excluding <i>friendly societies</i> and <u>UK ISPVs</u>)
A.4	Insurers - life (excluding <i>friendly societies</i> and <u>UK ISPVs</u>)
...	

...

FEES 4 Annex 1R Activity groups, tariff bases and valuation dates applicable

...

Part 2

...

Activity group	Tariff-base
...	
A.3	GROSS PREMIUM INCOME AND GROSS TECHNICAL LIABILITIES

	For <i>insurers</i> : ...
	Note: (1) In both (a) and (b) above only <i>premium</i> receivable in respect of <i>United Kingdom</i> business are relevant. (2) For <i>UK ISPVs</i> the tariff base is not relevant and a flat fee set out in <u>FEES 4 Annex 2R is payable.</u>
A.4	ADJUSTED GROSS PREMIUM INCOME AND MATHEMATICAL RESERVES <u>Except for <i>UK ISPVs</i>:</u> Amount of new regular <i>premium</i> business...
	Notes: (1) [deleted] (2) Only <i>premiums</i> receivable... (3) For <i>UK ISPVs</i> the tariff base is not relevant and a flat fee set out in <u>FEES 4 Annex 2R is payable.</u>
...	

...

FEES 4 Annex 2 ...

...

Activity group	Fee-payable	
...		
A.3	... > 1,000
	<u>For <i>UK ISPVs</i> the tariff rates are not relevant and a flat fee of £400 is payable in respect of the period 1 January 2007 to 31 March 2007 to be invoiced with the fee for the financial period 2007/8.</u>	
A.4	... > 15,000
	<u>For <i>UK ISPVs</i> the tariff rates are not relevant and a flat fee of £400 is payable in respect of the period 1 January 2007 to 31 March 2007 to be invoiced with the fee for the financial period 2007/8.</u>	

Annex D

Amendments to the Interim Prudential sourcebook for Insurers (IPRU(INS))

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

...

Chapter 9

FINANCIAL REPORTING

...

- 9.42A (1) An *insurer* that reports under rule 9.40(1) must, subject to rule 9.42B, provide to any person...
- (2) (1) does not apply to a *pure reinsurer* which became a *firm in run-off* before 10 December 2007 and whose *Part IV permission* has not subsequently been varied to add back the *regulated activity of effecting contracts of insurance*.

...

Chapter 12

TRANSITIONAL ARRANGEMENTS

...

Insert after the Instructions to 2005 Return Transitional Table D and before the heading Guidance above paragraph 12.6 the following heading and transitional rule 12.5A:

Pure reinsurance groups

- 12.5A A *pure reinsurer* whose *ultimate EEA insurance parent undertaking* is the *parent undertaking* of a *group* comprised solely of *reinsurance undertakings* need not comply with rule 9.40 (Group capital adequacy) before 10 December 2007.

...

APPENDIX 9.1 (rules 9.12 and 9.13)

**BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
(FORMS 1 TO 3 AND 10 TO 19)**

...

Instructions for completion of Form 1

...

9. *The base capital resources requirement at line 33 must be taken from PRU 2.1.26R. For a pure reinsurer writing both non-life and life business, the base capital resources requirement must be allocated between F1.33 and F2.33 in the ratio of the general insurance capital requirement to the sum of the long-term insurance capital requirement and the resilience capital requirement.*

...

16. *The base capital resources requirement at line 33 must be taken from PRU 2.1.26R. For a pure reinsurer writing both non-life and life business, the base capital resources requirement must be allocated between F1.33 and F2.33 in the ratio of the general insurance capital requirement to the sum of the long-term insurance capital requirement and the resilience capital requirement.*

...

Instructions for completion of Form 2

...

9. *The base capital resources requirement at line 33 must be taken from PRU 2.1.26R. For a pure reinsurer writing both non-life and life business, the base capital resources requirement must be allocated between F1.33 and F2.33 in the ratio of the general insurance capital requirement to the sum of the long-term insurance capital requirement and the resilience capital requirement.*

...

- 17B. *The base capital resources requirement at line 33 must be taken from PRU 2.1.26R. For a pure reinsurer writing both non-life and life business, the base capital resources requirement must be allocated between F1.33 and F2.33 in the ratio of the general insurance capital requirement to the sum of the long-term insurance capital requirement and the resilience capital requirement.*

...

Calculation of general insurance capital requirement– premiums amount and brought forward amount

Form 11

Name of insurer
 Global business / UK branch business / EEA branch business
 Financial year ended
 General/long-term insurance business

		Company registration number	GL/UK/CM	day	month	year	units
R11							£000
				This financial year 1		Previous year 2	
Gross premiums written		11					
Premiums taxes and levies (included in line 11)		12					
Premiums receivable written net of taxes and levies (11-12)		13					
Premiums for classes 11, 12 or 13 (included in line 13)		14					
Premiums for "actuarial health insurance" (included in line 13)		15					
Sub-total A (13 + ½ 14 - ²/₃ 15)		16					
Gross premiums earned		21					
Premium taxes and levies (included in line 21)		22					
Premiums earned net of taxes and levies (21-22)		23					
Premiums for classes 11, 12 or 13 (included in line 23)		24					
Premiums for "actuarial health insurance" (included in line 23)		25					
Sub-total H (23 + ½ 24 - ²/₃ 25)		26					
Sub-total I (higher of sub-total A and sub-total H)		30					
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure		31					
Division of gross adjusted premiums amount: sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32					
	Excess (if any) over 5053.1M EURO x 0.02	33					
Sub-total J (32-33)		34					
Claims paid in period of 3 financial years		41					
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42					
	For insurance business accounted for on an accident year basis	43					
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44					
	For insurance business accounted for on an accident year basis	45					
Sub-total C (41+42+43-44-45)		46					
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47					
Sub-total D (46-47)		48					
Reinsurance ratio (Sub-total D / sub-total C or, if more, 50% 0.50 or, if less, 100% 1.00)		49					
Premiums amount (Sub-total J x reinsurance ratio)		50					
Provision for claims outstanding (before discounting and net of reinsurance)		51					
Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)		52					
Greater of lines 50 and 52		53					

...

Calculation of general insurance capital requirement– claims amount and result

Form 12

Name of insurer
 Global business / UK branch business / EEA branch business
 Financial year ended
 General/long-term insurance business

		Company registration number	GL/UK/CM	day	month	year	units
		R12					£000
					This financial year 1		Previous year 2
Reference period (No. of months) See PRU 7.2.63R			11				
Claims paid in reference period			21				
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis		22				
	For insurance business accounted for on an accident year basis		23				
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis		24				
	For insurance business accounted for on an accident year basis		25				
Claims incurred in reference period (21+22+23-24-25)			26				
Claims incurred for classes 11, 12 or 13 (included in 26)			27				
Claims incurred for "actuarial health insurance" (included in 26)			28				
Sub-total E (26 + $\frac{1}{2}$ 27 - $\frac{2}{3}$ 28)			29				
Sub-total F – Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)			31				
Division of sub-total F (gross adjusted claims amount)	x 0.26		32				
	Excess (if any) over <u>3537.2M</u> EURO x 0.03		33				
Sub-total G (32 - 33)			39				
Claims amount Sub-total G x reinsurance ratio (11.49)			41				
Higher of premiums amount and brought forward amount (11.53)			42				
General insurance capital requirement (higher of lines 41 and 42)			43				

Instructions for completion of Forms 11 and 12

...

1. For a *composite firm*, Forms 11 and 12 must be completed separately for the total *general insurance business* and for the total *long-term insurance business* which is *class IV*, ~~or~~ supplementary accident and sickness insurance business or life protection reinsurance business. For other *firms*, the forms must be completed for the total *general insurance business* or for the total *long-term insurance business* which is *class IV*, ~~or~~ supplementary accident and sickness insurance business or life protection reinsurance business, as appropriate.
2. Notwithstanding instruction 1, if the gross annual office premiums for *class IV* business, life protection reinsurance business and supplementary accident and sickness insurance in force on the 'valuation date' do not exceed 1% of the gross annual office premiums in force on that date for all *long-term insurance business*, Forms 11 and 12 need not be completed for *long-term insurance business* as long as it can be stated that the entry in line 21 of Form 60 exceeds the amount that would be obtained if Forms 11 and 12 were to be completed for *long-term insurance business*. In this circumstance, the method of estimating the entry in line 21 of Form 60, together with a statement of the gross annual office premiums in force at the 'valuation date' in respect of *Class IV* business, life protection reinsurance business and supplementary accident and sickness insurance, must be given in a supplementary note (code 6001).
3. When completing Forms 11 and 12 for *long-term insurance business* the accounting conventions for *general insurance business* should be followed, but reasonable approximations may be used if they are unlikely to result in an underestimate of the *insurance health risk and life protection reinsurance capital component*.

...

7. ~~If the financial year began before 1 January 2004: then~~
 - ~~11.14.2, 11.24.2, 11.52.2 and 12.27.2 should be left blank;~~
 - ~~lines 21 to 41, column 2, of Form 12 relating to long term insurance business, should be left blank; and~~
 - ~~no amounts should be included in column 2 of Form 11 that relate to class IV business.~~

If the financial year ends after 30 December 2006, the amounts to be shown in column 2 must be the amounts shown in column 1 for the previous financial year, unless Forms 11 and 12 were not completed for the previous financial year. In that event column 2 must be left blank, apart from the amounts in 11.51.2 and 12.43.2. The amounts in 11.51.2 and 12.43.2 must be calculated in accordance with the rules in force at the date to which they relate, so for a previous financial year ending prior to 31 December 2006 they must exclude life protection reinsurance business..

...

10. *Premiums* and *claims* are defined by references to *contracts of insurance* and these themselves are defined by the *Regulated Activities Order* so that *premiums* or *claims* may be included for contracts that would not be treated as insurance under normal accounting conventions. All direct and indirect costs related to the *claims* must be included. For life protection reinsurance business and permanent health reinsurance business the discount to the premium, during any initial period, to allow for acquisition expenses of the cedant must be ignored, i.e. an adjustment must be made to premiums written and premiums earned as if the premium is the amount excluding the discount and the discount had been accounted for as an expense.

...

Instructions for completion of Form 11

...

2. In accordance with *PRU 7.2.54R*, the reinsurance ratio calculated at line 49 must be:

- ~~100%~~ 1.00 if sub-total C is zero
- ~~100%~~ 1.00 if sub-total D / sub-total C exceeds ~~100%~~ 1.00;
- ~~50%~~ 0.50 if sub-total D / sub-total C is less than ~~50%~~ 0.50; and
- sub-total D / sub-total C, otherwise.

The ratio at line 49 must be shown to two decimal places, but the unrounded ratio must be used for calculating **Form 11** line 50 and **Form 12** line 41.

...

Instructions for completion of Form 13

...

11. Lines 60 to 63 and 85 relate only to *general insurance business*. The amount in lines 60-62 recoverable from *Insurance Special Purpose Vehicles* must be disclosed in a supplementary note (code 1320).

...

APPENDIX 9.3 (rules 9.14 and 9.23)

**LONG-TERM INSURANCE BUSINESS
REVENUE ACCOUNT AND ADDITIONAL INFORMATION
(FORMS 40 TO 60)**

...

Long term insurance capital requirement

Form 60

Name of insurer

Global business / UK branch business / EEA branch business

Financial year ended

Units

		LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
		1	2	3	4	5	6
Insurance death risk capital component							
Life protection reinsurance	11	0.0%					
Classes I (other), II and IX	142	0.1%					
Classes I (other), II and IX	123	0.15%					
Classes I (other), II and IX	134	0.3%					
Classes III, VII and VIII	145	0.3%					
Total	156						
Insurance health risk and life protection reinsurance capital component							
Class IV, and supplementary classes 1 and 2 and life protection reinsurance	21						
Insurance expense risk capital component							
Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	342	1%					
Classes III, VII and VIII (investment risk)	323	1%					
Classes III, VII and VIII (expenses fixed 5 yrs +)	334	1%					
Classes III, VII and VIII (other)	345	25%					
Class IV (other)	356	1%					
Class V	367	1%					
Class VI	378	1%					
Total	389						
Insurance market risk capital component							
Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	442	3%					
Classes III, VII and VIII (investment risk)	423	3%					
Classes III, VII and VIII (expenses fixed 5 yrs +)	434	0%					
Classes III, VII and VIII (other)	445	0%					
Class IV (other)	456	3%					
Class V	467	0%					
Class VI	478	3%					
Total	489						
Long term insurance capital requirement	51						

...

Instructions for completion of Form 60

1. The *insurance death risk capital component* in lines 11-1-4-5 column 5 is based on capital at risk for those contracts where it is not negative. Capital at risk is the benefit payable as a result of death less the *mathematical reserves* after distribution of surplus. Life protection reinsurance business written by a pure reinsurer or a mixed insurer is reported in line 11. Other ~~b~~Business in classes I, II and IX must be split between lines 142, 123 and 134 in accordance with PRU 7.2.82R. Line 142 is for temporary insurance on death where the original term of the contract is 3 years or less ~~or for a pure reinsurer~~. Line 123 is for temporary insurance where the original term is 5 years or less but more than 3 years. Line 134 is for other class I, II or IX business. For a *pure reinsurer* the factor of 0.3% in column 1 of line 1-4-5 must be replaced by 0.1%.
2. In lines 11-1-4-5 columns 2 and 3 are the gross and net capital at risk in accordance with PRU 7.2.83R. For lines 142-134 the reinsurance factor is calculated in aggregate, so column 4 is the sum of lines 142-134 column 3 divided by the sum of lines 142-134 column 2, subject to a minimum of 0.5 in accordance with PRU 7.2.81R. For line 1-4-5 column 4 is column 3 divided by column 2, subject to a minimum of 0.5 in accordance with PRU 7.2.81R. Column 5 is column 1 x column 2 x column 4.
3. The *insurance health risk and life protection reinsurance capital component* in line 21 column 5 must be equal to the entry at line 43 in Form 12 for *long-term insurance business*, unless an estimate has been made in accordance with instruction 2 to Forms 11 and 12. In this case a supplementary note (code 6001) is required as described in that instruction.
4. For the purpose of calculating the *insurance expense risk capital component* and the *insurance market risk capital component* linked contracts must be allocated to:
 - lines 323 and 423 where the *firm* bears an investment risk,
 - lines 334 and 434 where the *firm* does not bear an investment risk but where the allocation to cover *management expenses* is fixed for a period exceeding 5 years from the commencement of the contract, and
 - lines 3-4-5 and 4-4-5, otherwise.Life protection reinsurance business and permanent health reinsurance business written by a pure reinsurer or a mixed insurer must be allocated to lines 31 and 41.
5. The *insurance expense risk capital component* for linked contracts where the *firm* bears no investment risk and the allocation to cover *management expenses* does not have a fixed upper limit for a period exceeding 5 years from the commencement of the contract in line 345 is 25% of net *administrative expenses* in accordance with PRU 7.2.88R(1).
6. The *insurance expense risk capital component* for class V in line 367 column 5 is 1% of the assets of the tontine in accordance with PRU 7.2.88R(2).
7. The *insurance expense risk capital component* for other business in lines 342, 323, 334, 356 and 378 column 5 is 1% of adjusted *mathematical reserves* after distribution of surplus in accordance with PRU 7.2.88R(3). Column 4 is column 3 divided by column 2, subject to a minimum of 85% (50% for a pure reinsurer) in accordance with PRU 7.2.90R. Column 5 is column 1 x column 2 x column 4.
8. The *insurance market risk capital component* in lines 434 and 4-4-5 column 5 for class III, VII and VIII contracts where the *firm* does not bear any investment risk and in line 456 for class V contracts is nil in accordance with PRU 7.2.89R.
9. The *insurance market risk capital component* in line 442, 423, 456 and 478 column 5 is 3% of adjusted *mathematical reserves* after distribution of surplus in accordance with PRU 7.2.89R. Column 4 is column 3 divided by column 2 subject to a minimum of 85% (50% for a pure reinsurer) in accordance with PRU 7.2.90R. Column 5 is column 1 x column 2 x column 4. The amount in line 49 column 3 must equal the amount in Form 14 line 11.
10. The *long term insurance capital requirement* in line 51 column 5 is the sum of column 5 in lines 156, 21, 389 and 489.

11. ...

12. Where the previous financial year ends before 31 December 2006, column 6 must be completed using the corresponding figures from the previous return, e.g. line 12 column 6 contains the amount previously shown in line 11 column 5.

Annex E

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text.

...

3.1.2 R Table: Applicable sections (see SUP 3.1.1R)

(1) Category of firm	(2) Sections applicable to the firm	(3) Sections applicable to its auditor
...		
(6) <i>Insurer, the Society of Lloyd's, underwriting agent or members' adviser, <u>UK ISPV</u></i> (Note 5)	SUP 3.1-SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
...		

...

16.1.3 R Table: Application of different sections of SUP 16

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...		
SUP 16.7	<i>Service company</i>	SUP 16.7.20R to SUP 16.7.21R
	<u>UK ISPV</u>	<u>SUP 16.7.21AR and SUP 16.7.21BR</u>
...		

...

16.7.5 G Table: Applicable rules and guidance on reports (see SUP 16.7.1G)

Firm category	Applicable rules and guidance
...	
<i>Service company</i>	SUP 16.7.20R – SUP 16.7.21R
<u>UK ISPV</u>	<u>SUP 16.7.21AR – SUP 16.7.21BR</u>
...	

...

Insert after SUP 16.7.21R

UK Insurance Special Purpose Vehicles

16.7.21A R A UK ISPV must submit reports to the FSA in accordance with SUP 16.7.21BR.

16.7.21B R Table: Financial reports required from UK Insurance Special Purpose Vehicles

<u>Report</u>	<u>Frequency</u>	<u>Due date</u>
<u>Annual audited financial statements</u>	<u>Annually</u>	<u>3 months after the <i>firm's</i> accounting reference date</u>

...

SUP App 1.3.1 G Table: Prudential categories and sub-categories used in the Interim Prudential sourcebooks and the Supervision manual

<i>Prudential categories</i> (Note 1)	Applicable prudential requirements (Note 2)	Prudential sub-categories
...		
<i>UCITS management company*</i>	IPRU(INV) 1,5 and 7	UCITS firm UCITS investment firm
<u>UK ISPV</u>		
...		

...