

# SECOND SUPPLEMENT TO THE GIBRALTAR GAZETTE

No. 5115 GIBRALTAR Thursday 21st December 2023

---

---

LEGAL NOTICE NO. 320 OF 2023

## FINANCIAL SERVICES ACT 2023

### FINANCIAL SERVICES (INSURANCE AND REINSURANCE) (PRUDENTIAL REQUIREMENTS) REGULATIONS 2023

In exercise of the powers conferred on the Minister by sections 620, 621, 626 and 627 of the Financial Services Act 2019, the Minister has made these Regulations-

#### Title.

1. These Regulations may be cited as the Financial Services (Insurance and Reinsurance) (Prudential Requirements) Regulations 2023.

#### Commencement.

2. These Regulations come into operation on 31<sup>st</sup> December 2023.

#### Amendment of Commission Delegated Regulation (EU) No 2015/35.

3.(1) Commission Delegated Regulation (EU) No 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as it forms part of the law of Gibraltar, is amended as follows.

(2) In Article 37.1-

(a) for the formula, substitute-

$$RM = C_{\text{bC}} \times \sum_{t=0}^{\infty} \frac{SCR(t) \times \max(\lambda^t, \lambda_{\text{floor}})}{(1+r(t+1))^{t+1}}$$

(b) after paragraph (d) insert-

“(e) “ $\lambda$ ” denotes the risk tapering factor, and equals:

- (i) 0.9 for life insurance and reinsurance obligations, and
- (ii) 1.0 for non-life insurance and reinsurance obligations;

- (f) “ $\lambda$ ” denotes the risk tapering factor to the power of t years;
  - (g) “ $\lambda_{\text{floor}}$ ” denotes the floor of the risk tapering factor, and equals 0.25.”.
- (3) In Article 39, for “6%” substitute “4%”.
- (4) In Article 312–
- (a) in paragraph 1–
    - (i) omit sub-paragraph (a);
    - (ii) for sub-paragraphs (c) and (d), substitute–
      - “(c) the annual quantitative templates referred to in Article 304(1)(d) within the deadlines set out in article 308b(5) of Directive 2009/138/EC as it applied immediately before IP completion day, no later than 14 weeks after the undertaking's financial year end.
      - (d) the quarterly quantitative templates referred to in Article 304(1)(d) within the deadlines set out in article 308b(7) of Directive 2009/138/EC as it applied immediately before IP completion day, no later than five weeks after the end of the relevant quarter.”;
  - (b) in paragraph 2, omit “, subject to the deadlines set out in paragraph 1(a)”;
  - (c) omit paragraph 3.

**Amendment of the Financial Services (Solvency 2) (Amendment) (EU Exit) Regulations 2023.**

4. In the Financial Services (Solvency 2) (Amendment) (EU Exit) Regulations 2023, omit regulation 3(174).

Dated: 21<sup>st</sup> December 2023.

N FEETHAM KC,  
Minister with responsibility for Financial Services.

### **EXPLANATORY MEMORANDUM**

These Regulations amend Commission Delegated Regulation (EU) No 2015/35 (the Solvency 2 Regulation) as it forms part of the law of Gibraltar. They amend the formula for the calculation of the risk margin for insurance and reinsurance obligations, in alignment with amendments made to the law of the United Kingdom, and remove transitional filing deadlines which are spent. The Regulations also make one related amendment the Financial Services (Solvency 2) (Amendment) (EU Exit) Regulations 2023.