



Direction

To: Chaucer Syndicates Limited (“the firm”) (FRN: 204915)

Ref: 4782998

Of: Plantation Place, 30 Fenchurch Street, London, EC3M 3AD

Date: 13 December 2017

PRA Rulebook SII Firms – Lloyd’s (Version as in force at the date this Direction takes effect)

Power

1. This direction is given by the *PRA* under section 138A of the Financial Services and Markets Act 2000.

Duration

2. (1) This direction takes effect on 13 December 2017.

(2) This direction ends when all underlying liabilities subject to the “other permitted reinsurance to close” as defined in the modified Rule 3.1 have been extinguished.

Rules Modified

3. The PRA directs that the *rules* listed below apply to the firm with the modifications shown.

Rule	Modification
SII Firms – Lloyd’s - Approved Reinsurance to Close	Rule 3.1. “Notwithstanding that the liability of a reinsured <u>member</u> to a <u>policyholder</u> is unaffected by an <u>approved reinsurance to close</u> for the purposes of the <u>Solvency II Firms</u> Sector of the <u>PRA</u> Rulebook: 1. (1) for an <u>approved reinsurance to close</u> <i>or other permitted reinsurance to close</i> which is not to a <u>subsidiary undertaking</u> of the <u>Society</u>: (a) a <u>contract of insurance</u> reinsured under an <u>approved reinsurance to close</u> <i>or other permitted reinsurance to close</i> must be treated as if the reinsuring <u>member</u> and not the reinsured <u>member</u> had effected the original <u>contract of insurance</u>; and (b) any payment received by a <u>member</u> as consideration for or in connection with an <u>approved reinsurance to close</u> <i>or other permitted reinsurance to close</i> must be treated as

	a <u>Lloyd's member's contribution</u> and not as <u>premium</u> or as a <u>reinsurance</u> recovery. 2. (2) for an <u>approved reinsurance to close</u> <i>or other permitted reinsurance to close</i> to a <u>subsidiary undertaking</u> of the <u>Society</u>, a <u>contract of insurance</u> reinsured under that <u>approved reinsurance to close</u> <i>or other permitted reinsurance to close</i> must be treated as if the reinsured <u>member</u> had not effected the original <u>contract of insurance</u> but: a) for the purposes of the calculation of the Lloyd's <u>SCR</u>, <u>general insurance business</u> carried on by <u>members</u> and <u>former underwriting members</u> which has been reinsured to a <u>subsidiary undertaking</u> of the <u>Society</u> under an <u>approved reinsurance to close</u> <i>or other permitted reinsurance to close</i> must be treated as reinsured to a third party; and (b) for the purposes of calculating the <u>SCR</u> of any <u>subsidiary undertaking</u> of the <u>Society</u> which is a <u>UK Solvency II firm</u>, the <u>approved reinsurance to close</u> <i>or other permitted reinsurance to close</i> must be treated as a <u>reinsurance</u>." For the purposes of this rule, "<u>other permitted reinsurance to close</u>" is defined as the arrangement for a split-syndicate reinsurance to close of the UKD Run-off Book liabilities of Chaucer's Syndicate 1084's 2015 year of account and all liabilities under Chaucer's Syndicate S6124's 2015 year of account into Antares' Syndicate1274's 2016 year of account, and all liabilities comprised in the S1084 2015 year of account, other than liabilities arising under the UKD Run-off Book, into the 2016 year of account of S1084. For the purposes of this rule, "UKD Run-off Book" is defined as the book in-force and expired UK motor and commercial policies issued by S1084, the subject of a sale transaction with Markerstudy Holdings Limited completed on 13 April 2015, and reinsured under a Quota Share Reinsurance Agreement between S1084 and s6124.
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Interpretation

4. Interpretative provisions (including definitions) of the *PRA Rulebook* apply to this direction in the same way they apply to the *PRA Rulebook*.

John Reed
Senior Manager
Prudential Regulation Authority