



## Direction

To: Argo Managing Agency Limited (“the *firm*”) (FRN 204975)

Of: 1 Fen Court London EC3M 5BN

Ref: 00002306

Date: 02 February 2021

### **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 01 February 2021.  
  
(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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| <p><b>PRA Rulebook SII Firms – Lloyd’s</b></p> <p><b>3.1 Approved Reinsurance to Close</b></p> | <p>3.1 Notwithstanding that the liability of a reinsured <i>member</i> to a <i>policyholder</i> is unaffected by an <i>approved reinsurance to close</i> <u>or other permitted reinsurance to close</u> for the purposes of the <i>Solvency II Firms Sector</i> of the <i>PRA Rulebook</i>:</p> <p>(1) for an <i>approved reinsurance to close</i> <u>or other permitted reinsurance to close</u> which is not to a <i>subsidiary undertaking</i> of the <i>Society</i>:</p> <p>(a) a <i>contract of insurance</i> reinsured under an <i>approved reinsurance to close</i> <u>or other permitted reinsurance to close</u> must be treated as if the reinsuring <i>member</i> and not the reinsured <i>member</i> had effected the original <i>contract of insurance</i>; and</p> <p>(b) any payment received by a <i>member</i> as consideration for or in connection with an <i>approved reinsurance to close</i> <u>or other permitted reinsurance to close</u> must be treated as a <i>Lloyd’s member’s contribution</i> and not as <i>premium</i> or as a <i>reinsurance recovery</i>.</p> <p>(2) for an <i>approved reinsurance to close</i> <u>or other permitted reinsurance to close</u> to a <i>subsidiary undertaking</i> of the <i>Society</i>, a <i>contract of insurance</i> reinsured under that <i>approved reinsurance to close</i> <u>or other permitted reinsurance to close</u> must be treated as if the reinsured <i>member</i> had not effected the original <i>contract of insurance</i> but:</p> <p>(a) for the purposes of the calculation of the <i>Lloyd’s SCR</i>, <i>general insurance business</i> carried on by <i>members</i> and <i>former underwriting members</i> which has been reinsured to a <i>subsidiary undertaking</i> of the <i>Society</i> under an <i>approved reinsurance to close</i> <u>or other permitted reinsurance to close</u> must be treated as reinsured to a third party; and</p> <p>(b) for the purposes of calculating the <i>SCR</i> of any <i>subsidiary undertaking</i> of the <i>Society</i> which is a <i>UK Solvency II firm</i>, the <i>approved reinsurance to close</i> <u>or other permitted reinsurance to close</u> must be treated as a <i>reinsurance</i>.</p> <p><u>For the purposes of this rule “other permitted reinsurance to close” is defined as the arrangement for split-syndicate reinsurance to close of Argo Managing Agency Limited (AMAL) syndicate 1200 in respect of the 2017 year of account and prior to the Riverstone Managing Agency Limited syndicate 3500 and in respect of the 2018 year of account to AMAL syndicate 1200 2019 year of account.</u></p> |

## Interpretation

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

**Lisa Leaman**  
**Head of Division**  
**Prudential Regulation Authority**