**Prudential Regulation Authority**

**Supplementary information for applications to apply for the volatility adjustment (‘VA’)**

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| Firm name  Firm reference number  Date of application  Address |  |
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The information below should be submitted by firms to allow the Prudential Regulation Authority (PRA) to consider an application to apply the VA. Firms should submit this information with the section 138BA permission application form and any other documentary evidence to [PRA-Waivers@bankofengland.co.uk](mailto:PRA-Waivers@bankofengland.co.uk) and the firm’s usual supervisory contact.

When preparing an application to apply for the VA firms should refer to chapter 8 of the Technical Provisions Part of the PRA Rulebook[[1]](#footnote-1). Firms should refer to the statement of policy (SoP): ‘Solvency II: Volatility Adjustment Permissions’ [[2]](#footnote-2) for the PRA’s approach to granting regulatory permissions.

For each of the items listed below, firms should provide a link or document reference signposting clearly where the item of evidence can be found within the application.

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|  |  | **Cross reference to**  **document(s)** |
| 1. | The written policy on risk management required by Conditions Governing Business 2.4, including:   * the firm’s policy on the criteria for the application of the VA, in accordance with the Conditions Governing Business 2.5(2); * the firm’s assessment of: the sensitivity of the technical provisions and eligible own funds to the assumptions underlying the calculation of the VA; the possible effect of a forced sale of assets on the eligible own funds; and the impact of a reduction of the VA to zero in accordance with Conditions Governing Business 3.2(3) | Click or tap here to enter text. |
| 2. | The liquidity plan projecting the incoming and outgoing cash-flows in relation to the assets and liabilities subject to the VA, as required by Conditions Governing Business 3.1(3) |  |
| 3. | Where the reduction of the VA to zero would result in non-compliance with the Solvency Capital Requirement (SCR), an analysis of the measures the firm could apply in such a situation to re-establish the level of eligible own funds covering the SCR or to reduce its risk profile to restore compliance with the SCR, in accordance with Conditions Governing Business 3.3 |  |
| 4. | The assessment of compliance with the capital requirements referred to in Conditions Governing Business 3.8(2)(b), with and without taking into account the VA, as required by Conditions Governing Business 3.8(4) |  |
| 5. | Any other information that the firm considers relevant |  |
| 6. | A cover letter stating that the application is endorsed by the senior manager responsible for the ORSA that is presented to the firm’s governing body and explaining how the criteria in paragraph 2.8 of SoP: ‘Solvency II: Volatility Adjustment Permissions’ are met. |  |

1. <https://www.prarulebook.co.uk/> [↑](#footnote-ref-1)
2. <https://www.bankofengland.co.uk/prudential-regulation/publication/2024/november/solvency-ii-volatility-adjustment-permissions-sop> [↑](#footnote-ref-2)