

ANNEX I

Annexes I and II to Directive 98/78/EC are amended as follows:

A. Annex I is amended as follows:

- (1) in Section 2.1:
 - (a) the second indent of the fourth paragraph is replaced by the following:
 - if the insurance undertaking or the reinsurance undertaking is a related undertaking of an insurance holding company or of a mixed financial holding company which has its registered office in the same Member State as the insurance undertaking or the reinsurance undertaking, and both the insurance holding company or mixed financial holding company and the related insurance undertaking or the related reinsurance undertaking are taken into account in the calculation carried out.;
 - (b) the fifth paragraph is replaced by the following:

Member States may also waive calculation of the adjusted solvency of an insurance undertaking or reinsurance undertaking if it is a related insurance undertaking or a related reinsurance undertaking of another insurance undertaking, another reinsurance undertaking or an insurance holding company or a mixed financial holding company which has its registered office in another Member State, and if the competent authorities of the Member States concerned have agreed to grant exercise of the supplementary supervision to the competent authority of the latter Member State.;
- (2) Section 2.2 is replaced by the following:
 - 2.2. Intermediate insurance holding companies and intermediate mixed financial holding companies

When calculating the adjusted solvency of an insurance undertaking or a reinsurance undertaking which holds a participation in a related insurance undertaking, a related reinsurance undertaking, a non-member-country insurance undertaking or a non-member-country reinsurance undertaking, through an insurance holding company or a mixed financial holding company, the situation of the intermediate insurance holding company or the intermediate mixed financial holding company is taken into account. For the sole purpose of this calculation, to be undertaken in accordance with the general principles and methods described in this Annex, this insurance holding company or mixed financial holding company shall be treated as if it were an insurance undertaking or reinsurance undertaking subject to a zero solvency requirement and as if it were subject to the same conditions as are laid down in Article 16 of Directive 73/239/EEC, in Article 27 of Directive 2002/83/EC or in Article 36 of Directive 2005/68/EC in respect of elements eligible for the solvency margin..

B. Annex II is amended as follows:

Status: EU Directives are being published on this site to aid cross referencing from UK legislation. After IP completion day (31 December 2020 11pm) no further amendments will be applied to this version.

- (1) The title is replaced by the following:
 SUPPLEMENTARY SUPERVISION FOR INSURANCE AND REINSURANCE UNDERTAKINGS THAT ARE SUBSIDIARIES OF AN INSURANCE HOLDING COMPANY, A MIXED FINANCIAL HOLDING COMPANY, A NON-MEMBER-COUNTRY INSURANCE UNDERTAKING OR A NON-MEMBER-COUNTRY REINSURANCE UNDERTAKING;
- (2) in point 1, the first paragraph is replaced by the following:
 1. In the case of two or more insurance undertakings or reinsurance undertakings as referred to in Article 2(2) which are the subsidiaries of an insurance holding company, a mixed financial holding company, a non-member-country insurance undertaking or a non-member-country reinsurance undertaking and which are established in different Member States, the competent authorities shall ensure that the method described in this Annex is applied in a consistent manner.;
- (3) in point 2, the second and third indents and the subparagraph following the third indent are replaced by the following:
 - if that insurance undertaking or reinsurance undertaking and one or more other insurance undertakings or reinsurance undertakings authorised in the same Member State have as their parent undertaking the same insurance holding company, mixed financial holding company, non-member-country insurance undertaking or non-member-country reinsurance undertaking, and the insurance undertaking or reinsurance undertaking is taken into account in the calculation provided for in this Annex carried out for one of these other undertakings,
 - if that insurance undertaking or reinsurance undertaking and one or more other insurance undertakings or reinsurance undertakings authorised in other Member States have as their parent undertaking the same insurance holding company, mixed financial holding company, non-member-country insurance undertaking or non-member-country reinsurance undertaking, and an agreement granting the exercise of the supplementary supervision covered by this Annex to the supervisory authority of another Member State has been concluded in accordance with Article 4(2).

Where insurance holding companies, mixed financial holding companies or non-member-country insurance or reinsurance undertakings hold successive participations in the insurance holding company, mixed financial holding company or non-member-country insurance or reinsurance undertaking, Member States may apply the calculations provided for in this Annex only at the level of the ultimate parent undertaking of the insurance undertaking or reinsurance undertaking which is an insurance holding company, a mixed financial holding company, a non-member-country insurance undertaking or a non-member-country reinsurance undertaking.;
- (4) point 3 is replaced by the following:

3. The competent authorities shall ensure that calculations analogous to those described in Annex I are carried out at the level of the insurance holding company, mixed financial holding company, non-member-country insurance undertaking or non-member-country reinsurance undertaking.

The analogy shall consist in applying the general principles and methods described in Annex I at the level of the insurance holding company, mixed financial holding company, non-member-country insurance undertaking or non-member-country reinsurance undertaking.

For the sole purpose of that calculation, the parent undertaking shall be treated as if it were an insurance undertaking or reinsurance undertaking subject to the following conditions:

- a zero solvency requirement where it is an insurance holding company or mixed financial holding company,
- a solvency requirement determined in accordance with the principles of section 2.3 of Annex I, where it is a non-member-country insurance undertaking or a non-member-country reinsurance undertaking,
- the same conditions as laid down in Article 16(1) of Directive 73/239/EEC or in Article 18 of Directive 79/267/EEC as regards the elements eligible for the solvency margin..

ANNEX II

In Annex I to Directive 2002/87/EC, under ‘II. Technical Calculation Methods’, Method 3 and Method 4 are replaced by the following:

Method 3 : “Combination method”

Competent authorities may allow a combination of method 1 and method 2..

ANNEX III

In Directive 2006/48/EC, point 30 of Section 3 of Part 3 of Annex X is replaced by the following:

30. When an Advanced Measurement Approach is intended to be used by the EU parent credit institution and its subsidiaries, or by the subsidiaries of an EU parent financial holding company or an EU parent mixed financial holding company, the application shall include a description of the methodology used for allocating operational risk capital between the different entities of the group..