

Directive (EU) 2016/2341 of the European Parliament and of the Council
of 14 December 2016 on the activities and supervision of institutions for
occupational retirement provision (IORPs) (recast) (Text with EEA relevance)

TITLE II

QUANTITATIVE REQUIREMENTS

Article 13

Technical provisions

1 The home Member State shall ensure that IORPs operating occupational pension schemes establish at all times in respect of the total range of their pension schemes an adequate amount of liabilities corresponding to the financial commitments which arise out of their portfolio of existing pension contracts.

2 The home Member State shall ensure that IORPs operating occupational pension schemes, where they provide cover against biometric risks or guarantee either an investment performance or a given level of benefits, establish sufficient technical provisions in respect of the total range of such schemes.

3 The calculation of technical provisions shall take place every year. However, the home Member State may allow a calculation once every three years if the IORP provides members or the competent authorities with a certification or a report of adjustments for the intervening years. The certification or the report shall reflect the adjusted development of the technical provisions and changes in risks covered.

4 The calculation of the technical provisions shall be executed and certified by an actuary or by another specialist in that field, including an auditor, where permitted by national law, on the basis of actuarial methods recognised by the competent authorities of the home Member State, according to the following principles:

- a the minimum amount of the technical provisions shall be calculated by a sufficiently prudent actuarial valuation, taking account of all commitments for benefits and for contributions in accordance with the pension arrangements of the IORP. It must be sufficient both for pensions and benefits already in payment to beneficiaries to continue to be paid, and to reflect the commitments which arise out of members' accrued pension rights. The economic and actuarial assumptions chosen for the valuation of the liabilities shall also be chosen prudently taking account, if applicable, of an appropriate margin for adverse deviation;
- b the maximum rates of interest used shall be chosen prudently and determined in accordance with any relevant rules of the home Member State. Those prudent rates of interest shall be determined by taking into account:
 - (i) the yield on the corresponding assets held by the IORP and the projected future investment returns;
 - (ii) the market yields of high-quality bonds, government bonds, European Stability Mechanism bonds, European Investment Bank (EIB) bonds or European Financial Stability Facility bonds, or;

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- (iii) a combination of points (i) and (ii);
 - c the biometric tables used for the calculation of technical provisions shall be based on prudent principles, having regard to the main characteristics of the group of members and the pension schemes, in particular the expected changes in the relevant risks;
 - d the method and basis of calculation of technical provisions shall in general remain constant from one financial year to another. However, discontinuities may be justified by a change of legal, demographic or economic circumstances underlying the assumptions.
- 5 The home Member State may make the calculation of technical provisions subject to additional and more detailed requirements, with a view to ensuring that the interests of members and beneficiaries are adequately protected.