

Commission Delegated Regulation (EU) 2015/35 of 10 October 2014
supplementing Directive 2009/138/EC of the European Parliament
and of the Council on the taking-up and pursuit of the business of
Insurance and Reinsurance (Solvency II) (Text with EEA relevance)

TITLE I

[^{X1}VALUATION AND RISK-BASED CAPITAL REQUIREMENTS
(PILLAR I), ENHANCED GOVERNANCE (PILLAR II)
AND INCREASED TRANSPARENCY (PILLAR III)]

CHAPTER II

VALUATION OF ASSETS AND LIABILITIES

Article 13

Valuation methods for related undertakings

1 For the purposes of valuing the assets of individual insurance and reinsurance undertakings, insurance and reinsurance undertakings shall value holdings in related undertakings, within the meaning of Article 212(1)(b) of Directive 2009/138/EC in accordance with the following hierarchy of methods:

- a using the default valuation method set out in Article 10(2) of this Regulation;
- b using the adjusted equity method referred to in paragraph 3 where valuation in accordance with point (a) is not possible;
- c using either the valuation method set out in Article 10(3) of this Regulation or alternative valuation methods in accordance with Article 10(5) of this Regulation provided that all of the following conditions are fulfilled:
 - (i) neither valuation in accordance with point (a) nor point (b) is possible;
 - (ii) the undertaking is not a subsidiary undertaking, as defined in Article 212(2) of Directive 2009/138/EC.

2 By way of derogation from paragraph 1, for the purposes of valuing the assets of individual insurance and reinsurance undertakings, insurance and reinsurance undertakings shall value holdings in the following undertakings at zero:

- [^{F1}a undertakings that are excluded from the scope of the group supervision under Article 214(2) of Directive 2009/138/EC;]
- b undertakings that are deducted from the own funds eligible for the group solvency in accordance with [^{F2}rule 10.6 of the Group Supervision part of the PRA Rulebook].

3 The adjusted equity method referred to in point (b) of paragraph 1 shall require the participating undertaking to value its holdings in related undertakings based on the share of the excess of assets over liabilities of the related undertaking held by the participating undertaking.

Changes to legislation: Commission Delegated Regulation (EU) 2015/35, Article 13 is up to date with all changes known to be in force on or before 11 October 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

[^{F3}4 When calculating the excess of assets over liabilities for a related undertaking, the participating undertaking shall value the undertaking's individual assets and liabilities in accordance with:

- a Article 75 of Directive 2009/138/EC, and
- b if the related undertaking is:
 - i) required to calculate technical provisions in accordance with any national measures transposing Articles 76 to 85 of Directive 2009/138/EC, or
 - ii) a special purpose vehicle referred to in Article 211 of that Directive,
 also in accordance with the technical provisions in Articles 76 to 85 of that Directive.]

5 When calculating the excess of assets over liabilities for related undertakings other than insurance or reinsurance undertakings, the participating undertaking may consider the equity method as prescribed in [^{F4}UK-adopted international accounting standards] to be consistent with Articles 75 of Directive 2009/138/EC, where valuation of individual assets and liabilities in accordance with paragraph 4 is not practicable. In such cases, the participating undertaking shall deduct from the value of the related undertaking the value of goodwill and other intangible assets that would be valued at zero in accordance with Article 12(2) of this Regulation.

[^{F16} Where the criteria referred to in Article 9(4) of this Regulation are satisfied, and where the use of the valuation methods referred to in points (a) and (b) of paragraph 1 is not possible, holdings in related undertakings may be valued based on the valuation method the insurance or reinsurance undertakings uses for preparing its annual or consolidated financial statements. In such cases, the participating undertaking shall deduct from the value of the related undertaking the value of goodwill and other intangible assets that would be valued at zero in accordance with Article 12(2) of this Regulation.]

Textual Amendments

- F1** Substituted by Commission Delegated Regulation (EU) 2016/467 of 30 September 2015 amending Commission Delegated Regulation (EU) 2015/35 concerning the calculation of regulatory capital requirements for several categories of assets held by insurance and reinsurance undertakings (Text with EEA relevance).
- F2** Words in Art. 13(2)(b) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **11(7)(a)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2) and with savings in S.I. 2019/680, reg. 11)
- F3** Art. 13(4) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **11(7)(b)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2) and with savings in S.I. 2019/680, reg. 11)
- F4** Words in Art. 13(5) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **11(7)(c)** (as amended by S.I. 2019/1390, regs. 1(4), **11(3)(e)**; S.I. 2020/1385, regs. 1(2), **54(2)**; and with savings in S.I. 2019/680, **reg. 11**); 2020 c. 1, Sch. 5 para. 1(1)

Changes to legislation:

Commission Delegated Regulation (EU) 2015/35, Article 13 is up to date with all changes known to be in force on or before 11 October 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

View outstanding changes

Changes and effects yet to be applied to :

- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 3](#)
- Art. 13(5) word substituted by [S.I. 2019/407 reg. 11\(7\)\(c\)\(ii\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(7)(c) substituted immediately before IP completion day by S.I. 2019/1390, regs. 1(4), 11(3)(e))
- Art. 13(5) words substituted by [S.I. 2019/407 reg. 11\(7\)\(c\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(7)(c) substituted immediately before IP completion day by S.I. 2019/1390, regs. 1(4), 11(3)(e))
- Recital 53 Sentence 1 replacement by [EUR 2016/2283](#) Regulation

Changes and effects yet to be applied to the whole legislation item and associated provisions

- Art. 177(2)(b) words omitted by [S.I. 2019/407 reg. 11\(25\)\(a\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(25)(39) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1(2), 22)
- Art. 177(2)(h)(i) words omitted by [S.I. 2019/407 reg. 11\(25\)\(b\)\(ii\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(25)(39) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1(2), 22)
- Art. 177(2)(h)(i) words substituted by [S.I. 2019/407 reg. 11\(25\)\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(25)(39) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1(2), 22)
- Art. 177(2)(r) words substituted by [S.I. 2019/407 reg. 11\(25\)\(c\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(25)(39) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1(2), 22)
- Art. 177(2)(s) words substituted by [S.I. 2019/407 reg. 11\(25\)\(c\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(25)(39) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1(2), 22)
- Art. 177(2)(t) words substituted by [S.I. 2019/407 reg. 11\(25\)\(d\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(25)(39) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1(2), 22)
- Art. 177(5)(a) words substituted by [S.I. 2019/407 reg. 11\(25\)\(f\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(25)(39) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1(2), 22)
- Art. 177(5)(c) words substituted by [S.I. 2019/407 reg. 11\(25\)\(f\)](#) (This amendment not applied to legislation.gov.uk. Reg. 11(25)(39) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1(2), 22)