

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 V

SOLVENCY CAPITAL REQUIREMENT STANDARD FORMULA

SECTION 8

Operational risk

Article 204

1 The capital requirement for the operational risk module shall be equal to the following:

$$SCR_{Operational} = \min(0,3 \times BSCR; Op) + 0,25 \times Exp_{ul}$$

where:

- (a) *BSCR* denotes the Basic Solvency Capital Requirement;
- (b) *Op* denotes the basic capital requirement for operational risk charge;
- (c) *Exp_{ul}* denotes the amount of expenses incurred during the previous 12 months in respect of life insurance contracts where the investment risk is borne by policy holders.

2 The basic capital requirement for operational risk shall be calculated as follows:

$$Op = \max(Op_{premiums}; Op_{provisions})$$

where:

- (a) *Op_{premiums}* denotes the capital requirement for operational risks based on earned premiums;
- (b) *Op_{provisions}* denotes the capital requirement for operational risks based on technical provisions.

3 The capital requirement for operational risks based on earned premiums shall be calculated as follows:

<i>Op_{premiums}</i> =	$0,04 \cdot (Earn_{life} - Earn_{life-ul}) + 0,03 \cdot (Earn_{non-life} + \max(0; 0,04 \cdot (Earn_{life} - 1,2 \cdot pEarn_{life-ul}))) + \max(0; 0,03 \cdot (Earn_{non-life} - 1,2 \cdot pEarn_{non-life}))$
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Changes to legislation: Commission Delegated Regulation (EU) 2015/35, Article 204 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

where:

- (a) $Earn_{life}$ denotes the premiums earned during the last 12 months for life insurance and reinsurance obligations, without deducting premiums for reinsurance contracts;
- (b) $Earn_{life-ul}$ denotes the premiums earned during the last 12 months for life insurance and reinsurance obligations where the investment risk is borne by the policy holders without deducting premiums for reinsurance contracts;
- (c) $Earn_{non-life}$ denotes the premiums earned during the last 12 months for non-life insurance and reinsurance obligations, without deducting premiums for reinsurance contracts;
- (d) $pEarn_{life}$ denotes the premiums earned during the 12 months prior to the last 12 months for life insurance and reinsurance obligations, without deducting premiums for reinsurance contracts;
- (e) $pEarn_{life-ul}$ denotes the premiums earned during the 12 months prior to the last 12 months for life insurance and reinsurance obligations where the investment risk is borne by the policy holders without deducting premiums for reinsurance contracts;
- (f) $pEarn_{non-life}$ denotes the premium earned during the 12 months prior to the last 12 months for non-life insurance and reinsurance obligations, without deducting premiums for reinsurance contracts.

For the purposes of this paragraph, earned premiums shall be gross, without deduction of premiums for reinsurance contracts.

4 The capital requirement for operational risk based on technical provisions shall be calculated as follows:

$$Op_{provisions} = 0,0045 \times \max(0; TP_{life} - TP_{life-ul}) + 0,03 \times \max(0; TP_{non-life})$$

where:

- (a) TP_{life} denotes the technical provisions for life insurance and reinsurance obligations;
- (b) $TP_{life-ul}$ denotes the technical provisions for life insurance obligations where the investment risk is borne by the policy holders;
- (c) $TP_{non-life}$ denotes the technical provisions for non-life insurance and reinsurance obligations.

For the purposes of this paragraph, technical provisions shall not include the risk margin, and shall be calculated without deduction of recoverables from reinsurance contracts and special purpose vehicles.

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Changes and effects yet to be applied to :

- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 3](#)
- 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)