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 III

RULES RELATING TO TECHNICAL PROVISIONS

SECTION 1

General provisions

Article 17

Recognition and derecognition of insurance and reinsurance obligations

For the calculation of the best estimate and the risk margin of technical provisions, insurance and reinsurance undertakings shall recognise an insurance or reinsurance obligation at the date the undertaking becomes a party to the contract that gives rise to the obligation or the date the insurance or reinsurance cover begins, whichever date occurs earlier. Insurance and reinsurance undertakings shall only recognise the obligations within the boundary of the contract.

Insurance and reinsurance undertakings shall derecognise an insurance or reinsurance obligation only when it is extinguished, discharged, cancelled or expires.

Article 18

Boundary of an insurance or reinsurance contract

1 The boundaries of an insurance or reinsurance contract shall be defined in accordance with paragraphs 2 to 7.

2 All obligations relating to the contract, including obligations relating to unilateral rights of the insurance or reinsurance undertaking to renew or extend the scope of the contract and obligations that relate to paid premiums, shall belong to the contract unless otherwise stated in paragraphs 3 to 6.

3 Obligations which relate to insurance or reinsurance cover provided by the undertaking after any of the following dates do not belong to the contract, unless the undertaking can compel the policyholder to pay the premium for those obligations:

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a the future date where the insurance or reinsurance undertaking has a unilateral right to terminate the contract;

b the future date where the insurance or reinsurance undertaking has a unilateral right to reject premiums payable under the contract;

c the future date where the insurance or reinsurance undertaking has a unilateral right to amend the premiums or the benefits payable under the contract in such a way that the premiums fully reflect the risks.

Point (c) shall be deemed to apply where an insurance or reinsurance undertaking has a unilateral right to amend at a future date the premiums or benefits of a portfolio of insurance or reinsurance obligations in such a way that the premiums of the portfolio fully reflect the risks covered by the portfolio.

However, in the case of life insurance obligations where an individual risk assessment of the obligations relating to the insured person of the contract is carried out at the inception of the contract and that assessment cannot be repeated before amending the premiums or benefits, insurance and reinsurance undertakings shall assess at the level of the contract whether the premiums fully reflect the risk for the purposes of point (c).

Insurance and reinsurance undertakings shall not take into account restrictions of the unilateral right as referred to in points (a), (b) and (c) of this paragraph and limitations of the extent to which premiums or benefits can be amended that have no discernible effect on the economics of the contract.

4 Where the insurance or reinsurance undertaking has a unilateral right as referred to in paragraph 3 that only relates to a part of the contract, the same principles as defined in paragraph 3 shall apply to that part of the contract.

5 **[**[F1]Obligations that do not relate to premiums which have already been paid do not belong to an insurance or reinsurance contract if all of the following requirements are met:

a) the contract does not provide compensation for a specified uncertain event that adversely affects the insured person;

b) the contract does not include a financial guarantee of benefits;

c) the undertaking cannot compel the policyholder to pay the future premium for those obligations.**]**

For the purpose of points (a) and (b), insurance and reinsurance undertakings shall not take into account coverage of events and guarantees that have no discernible effect on the economics of the contract.

[[F1]6 Where an insurance or reinsurance contract can be unbundled into two parts and where one of those parts meets the requirements set out in points (a), (b) and (c) of paragraph 5, any obligations that do not relate to the premiums of that part and which have already been paid do not belong to the contract.**]**

7 Insurance and reinsurance undertakings shall, for the purposes of paragraph 3, only consider that premiums fully reflect the risks covered by a portfolio of insurance or reinsurance obligations, where there is no circumstance under which the amount of the benefits and expenses payable under the portfolio exceeds the amount of the premiums payable under the portfolio.

Textual Amendments

F1 Substituted by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 amending Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European

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Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (Text with EEA relevance).

SECTION 2

Data quality

Article 19

Data used in the calculation of technical provisions

1 Data used in the calculation of the technical provisions shall only be considered to be complete for the purpose of Article 82 of Directive 2009/138/EC where all of the following conditions are met:

a the data include sufficient historical information to assess the characteristics of the underlying risks and to identify trends in the risks;

b the data are available for each of the relevant homogeneous risk groups used in the calculation of the technical provisions and no relevant data is excluded from being used in the calculation of the technical provisions without justification.

2 Data used in the calculation of the technical provisions shall only be considered to be accurate for the purpose of Article 82 of Directive 2009/138/EC where all of the following conditions are met:

a the data are free from material errors;

b data from different time periods used for the same estimation are consistent;

c the data are recorded in a timely manner and consistently over time.

3 Data used in the calculation of the technical provisions shall only be considered to be appropriate for the purpose of Article 82 of Directive 2009/138/EC where all of the following conditions are met:

a the data are consistent with the purposes for which they will be used;

b the amount and nature of the data ensure that the estimations made in the calculation of the technical provisions on the basis of the data do not include a material estimation error;

c the data are consistent with the assumptions underlying the actuarial and statistical techniques that are applied to them in the calculation of the technical provisions;

d the data appropriately reflect the risks to which the insurance or reinsurance undertaking is exposed with regard to its insurance and reinsurance obligations;

e the data were collected, processed and applied in a transparent and structured manner, based on a documented process that comprises all of the following:

(i) the definition of criteria for the quality of data and an assessment of the quality of data, including specific qualitative and quantitative standards for different data sets;

(ii) the use of and setting of assumptions made in the collection, processing and application of data;

(iii) the process for carrying out data updates, including the frequency of updates and the circumstances that trigger additional updates;

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f Insurance or reinsurance undertakings shall ensure that their data are used consistently over time in the calculation of the technical provisions.

For the purposes of point (b), an estimation error in the calculation of the technical provisions shall be considered to be material where it could influence the decision-making or the judgement of the users of the calculation result, including the supervisory authorities.

4 Insurance and reinsurance undertakings may use data from an external source provided that, in addition to fulfilling the requirements set out in paragraphs 1 to 4, all of the following requirements are met:

a insurance or reinsurance undertakings are able to demonstrate that the use of that data is more suitable than the use of data which are exclusively available from an internal source;

b insurance or reinsurance undertakings know the origin of that data and the assumptions or methodologies used to process that data;

c insurance or reinsurance undertakings identify any trends in that data and the variation, over time or across data, of the assumptions or methodologies in the use of that data;

d insurance or reinsurance undertakings are able to demonstrate that the assumptions and methodologies referred to in points (b) and (c) reflect the characteristics of the insurance or reinsurance undertaking's portfolio of insurance and reinsurance obligations.

Article 20

Limitations of data

Where data does not comply with Article 19, insurance and reinsurance undertakings shall document appropriately the limitations of the data including a description of whether and how such limitations will be remedied and of the functions within the system of governance of the insurance or reinsurance undertaking responsible for that process. The data, before adjustments to remedy limitations are made to it, shall be recorded and stored appropriately.

Article 21

Appropriate use of approximations to calculate the best estimate

Where insurance and reinsurance undertakings have insufficient data of appropriate quality to apply a reliable actuarial method, they may use appropriate approximations to calculate the best estimate provided that all of the following requirements are met:

(a) the insufficiency of data is not due to inadequate internal processes and procedures of collecting, storing or validating data used for the valuation of technical provisions;

(b) the insufficiency of data cannot be remedied by the use of external data;

(c) it would not be practicable for the undertaking to adjust the data to remedy the insufficiency.

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SECTION 3

Methodologies to calculate technical provisions

Subsection 1

Assumptions underlying the calculation of technical provisions

Article 22

General provisions

1 Assumptions shall only be considered to be realistic for the purposes of Article 77(2) of Directive 2009/138/EC where they meet all of the following conditions:

a insurance and reinsurance undertakings are able to explain and justify each of the assumptions used, taking into account the significance of the assumption, the uncertainty involved in the assumption as well as relevant alternative assumptions;

b the circumstances under which the assumptions would be considered false can be clearly identified;

c unless otherwise provided in this Chapter, the assumptions are based on the characteristics of the portfolio of insurance and reinsurance obligations, where possible regardless of the insurance or reinsurance undertaking holding the portfolio;

d insurance and reinsurance undertakings use the assumptions consistently over time and within homogeneous risk groups and lines of business, without arbitrary changes;

e the assumptions adequately reflect any uncertainty underlying the cash flows.

For the purpose of point (c), insurance and reinsurance undertakings shall only use information specific to the undertaking, including information on claims management and expenses, where that information better reflects the characteristics of the portfolio of insurance or reinsurance obligations than information that is not limited to the specific undertaking or where the calculation of technical provisions in a prudent, reliable and objective manner without using that information is not possible.

2 Assumptions shall only be used for the purpose of Article 77(3) of Directive 2009/138/EC where they comply with paragraph 1 of this Article.

3 Insurance and reinsurance undertakings shall set assumptions on future financial market parameters or scenarios that are appropriate and consistent with Article 75 of Directive 2009/138/EC. Where insurance and reinsurance undertakings use a model to produce projections of future financial market parameters, it shall comply with all of the following requirements:

a it generates asset prices that are consistent with asset prices observed in financial markets;

b it assumes no arbitrage opportunity;

c the calibration of the parameters and scenarios is consistent with the relevant risk-free interest rate term structure used to calculate the best estimate as referred to in Article 77(2) of Directive 2009/138/EC.

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Article 23

Future management actions

1 Assumptions on future management actions shall only be considered to be realistic for the purposes of Article 77(2) of Directive 2009/138/EC where they meet all of the following conditions:

a the assumptions on future management actions are determined in an objective manner;

b assumed future management actions are consistent with the insurance or reinsurance undertaking's current business practice and business strategy, including the use of risk-mitigation techniques; where there is sufficient evidence that the undertaking will change its practices or strategy, the assumed future management actions are consistent with the changed practices or strategy;

c assumed future management actions are consistent with each other;

d assumed future management actions are not contrary to any obligations towards policy holders and beneficiaries or to legal requirements applicable to the undertaking;

e assumed future management actions take account of any public indications by the insurance or reinsurance undertaking as to the actions that it would expect to take or not take.

2 Assumptions about future management actions shall be realistic and include all of the following:

(i) a comparison of assumed future management actions with management actions taken previously by the insurance or reinsurance undertaking;

(ii) a comparison of future management actions taken into account in the current and in the past calculations of the best estimate;

(iii) an assessment of the impact of changes in the assumptions on future management actions on the value of the technical provisions.

Insurance and reinsurance undertakings shall be able to explain any relevant deviations in relation to points (i) and (ii) upon request of the supervisory authorities and, where changes in an assumption on future management actions have a significant impact on the technical provisions, the reasons for that sensitivity and how the sensitivity is taken into account in the decision-making process of the insurance or reinsurance undertaking.

3 For the purpose of paragraph 1, insurance and reinsurance undertakings shall establish a comprehensive future management actions plan, approved by the administrative, management or supervisory body of the insurance and reinsurance undertaking, which provides for all of the following:

a the identification of future management actions that are relevant to the valuation of the technical provisions;

b the identification of the specific circumstances in which the insurance or reinsurance undertaking would reasonably expect to carry out each respective future management action referred to in point (a);

c the identification of the specific circumstances in which the insurance or reinsurance undertaking may not be able to carry out each respective future management action referred to in point (a), and a description of how those circumstances are considered in the calculation of technical provisions;

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d the order in which future management actions referred to in point (a) would be carried out and the governance requirements applicable to those future management actions;

e a description of any on-going work required to ensure that the insurance or reinsurance undertaking is in a position to carry out each respective future management action referred to in point (a);

f a description of how the future management actions referred to in point (a) have been reflected in the calculation of the best estimate;

g a description of the applicable internal reporting procedures that cover the future management actions referred to in point (a) included in the calculation of the best estimate;

4 Assumptions about future management actions shall take account of the time needed to implement the management actions and any expenses caused by them.

5 The system for ensuring the transmission of information shall only be considered to be effective for the purpose of **[**[F2]the governance requirements set out in rule 2.2 of the Conditions Governing Business part of the PRA Rulebook**]** where the reporting procedures referred to in point (g) of paragraph 3 of this Article include at least an annual communication to the administrative, supervisory or management body.

Textual Amendments

F2 Words in Art. 23(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(9)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2) and with savings in S.I. 2019/680, reg. 11)

Article 24

Future discretionary benefits

Where future discretionary benefits depend on the assets held by the insurance or reinsurance undertaking, undertakings shall base the calculation of the best estimate on the assets currently held by the undertakings and shall assume future changes of their asset allocation in accordance with Article 23. The assumptions on the future returns of the assets shall be consistent with the relevant risk-free interest rate term structure, including where applicable a matching adjustment, a volatility adjustment, or a transitional measure on the risk-free rate, and the valuation of the assets in accordance with Article 75 of Directive 2009/138/EC.

Article 25

Separate calculation of the future discretionary benefits

When calculating technical provisions, insurance and reinsurance undertakings shall determine separately the value of future discretionary benefits.

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Article 26

Policyholder behaviour

When determining the likelihood that policy holders will exercise contractual options, including lapses and surrenders, insurance and reinsurance undertakings shall conduct an analysis of past policyholder behaviour and a prospective assessment of expected policyholder behaviour. That analysis shall take into account all of the following:

(a) how beneficial the exercise of the options was and will be to the policy holders under circumstances at the time of exercising the option;

(b) the influence of past and future economic conditions;

(c) the impact of past and future management actions;

(d) any other circumstances that are likely to influence decisions by policyholders on whether to exercise the option.

The likelihood shall only be considered to be independent of the elements referred to in points (a) to (d) where there is empirical evidence to support such an assumption.

Subsection 2

Information underlying the calculation of best estimates

Article 27

Credibility of information

Information shall only be considered to be credible for the purposes of Article 77(2) of Directive 2009/138/EC where insurance and reinsurance undertakings provide evidence of the credibility of the information taking into account the consistency and objectivity of that information, the reliability of the source of the information and the transparency of the way in which the information is generated and processed.

Subsection 3

Cash flow projections for the calculation of the best estimate

Article 28

Cash flows

The cash flow projection used in the calculation of the best estimate shall include all of the following cash flows, to the extent that these cash flows relate to existing insurance and reinsurance contracts:

(a) benefit payments to policy holders and beneficiaries;

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(b) payments that the insurance or reinsurance undertaking will incur in providing contractual benefits that are paid in kind;

(c) payments of expenses as referred to in point (1) of Article 78 of Directive 2009/138/EC;

(d) premium payments and any additional cash flows that result from those premiums;

(e) payments between the insurance or reinsurance undertaking and intermediaries related to insurance or reinsurance obligations;

(f) payments between the insurance or reinsurance undertaking and investment firms in relation to contracts with index-linked and unit-linked benefits;

(g) payments for salvage and subrogation to the extent that they do not qualify as separate assets or liabilities in accordance with **[**[F3]UK-adopted international accounting standards**]**;

(h) taxation payments which are, or are expected to be, charged to policy holders or are required to settle the insurance or reinsurance obligations.

Textual Amendments

F3 Words in Art. 28(g) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **11(10)** (as amended by S.I. 2019/1390, regs. 1(4), **11(3)(g)**; 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)

Article 29

Expected future developments in the external environment

The calculation of the best estimate shall take into account expected future developments that will have a material impact on the cash in- and out-flows required to settle the insurance and reinsurance obligations over the lifetime thereof. For that purpose future developments shall include demographic, legal, medical, technological, social, environmental and economic developments including inflation as referred to in point (2) of Article 78 of Directive 2009/138/EC.

Article 30

Uncertainty of cash flows

The cash flow projection used in the calculation of the best estimate shall, explicitly or implicitly, take account of all uncertainties in the cash flows, including all of the following characteristics:

(a) uncertainty in the timing, frequency and severity of insured events;

(b) uncertainty in claim amounts, including uncertainty in claims inflation, and in the period needed to settle and pay claims;

(c) uncertainty in the amount of expenses referred to in point (1) of Article 78 of Directive 2009/138/EC;

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(d) uncertainty in expected future developments referred to in Article 29 to the extent that it is practicable;

(e) uncertainty in policyholder behaviour;

(f) dependency between two or more causes of uncertainty;

(g) dependency of cash flows on circumstances prior to the date of the cash flow.

Article 31

Expenses

1 A cash flow projection used to calculate best estimates shall take into account all of the following expenses, which relate to recognised insurance and reinsurance obligations of insurance and reinsurance undertakings and which are referred to in point (1) of Article 78 of Directive 2009/138/EC:

a administrative expenses;

b investment management expenses;

c claims management expenses;

d acquisition expenses.

The expenses referred to in points (a) to (d) shall take into account overhead expenses incurred in servicing insurance and reinsurance obligations.

2 Overhead expenses shall be allocated in a realistic and objective manner and on a consistent basis over time to the parts of the best estimate to which they relate.

3 Expenses in respect of reinsurance contracts and special purpose vehicles shall be taken into account in the gross calculation of the best estimate.

4 Expenses shall be projected on the assumption that the undertaking will write new business in the future.

Article 32

Contractual options and financial guarantees

When calculating the best estimate, insurance and reinsurance undertakings shall take into account all of the following:

(a) all financial guarantees and contractual options included in their insurance and reinsurance policies;

(b) all factors which may affect the likelihood that policy holders will exercise contractual options or realise the value of financial guarantees.

Article 33

Currency of the obligation

The best estimate shall be calculated separately for cash flows in different currencies.

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Article 34

Calculation methods

1 The best estimate shall be calculated in a transparent manner and in such a way as to ensure that the calculation method and the results that derive from it are capable of review by a qualified expert.

2 The choice of actuarial and statistical methods for the calculation of the best estimate shall be based on their appropriateness to reflect the risks which affect the underlying cash flows and the nature of the insurance and reinsurance obligations. The actuarial and statistical methods shall be consistent with and make use of all relevant data available for the calculation of the best estimate.

3 Where a calculation method is based on grouped policy data, insurance and reinsurance undertakings shall ensure that the grouping of policies creates homogeneous risk groups that appropriately reflect the risks of the individual policies included in those groups.

4 Insurance and reinsurance undertakings shall analyse the extent to which the present value of cash flows depend both on the expected outcome of future events and developments and on how the actual outcome in certain scenarios could deviate from the expected outcome.

5 Where the present value of cash flows depends on future events and developments as referred to in paragraph 4, insurance and reinsurance undertakings shall use a method to calculate the best estimate for cash flows which reflects such dependencies.

Article 35

Homogeneous risk groups of life insurance obligations

The cash flow projections used in the calculation of best estimates for life insurance obligations shall be made separately for each policy. Where the separate calculation for each policy would be an undue burden on the insurance or reinsurance undertaking, it may carry out the projection by grouping policies, provided that the grouping complies with all of the following requirements:

(a) there are no significant differences in the nature and complexity of the risks underlying the policies that belong to the same group;

(b) the grouping of policies does not misrepresent the risk underlying the policies and does not misstate their expenses;

(c) the grouping of policies is likely to give approximately the same results for the best estimate calculation as a calculation on a per policy basis, in particular in relation to financial guarantees and contractual options included in the policies.

Article 36

Non-life insurance obligations

1 The best estimate for non-life insurance obligations shall be calculated separately for the premium provision and for the provision for claims outstanding.

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2 The premium provision shall relate to future claim events covered by insurance and reinsurance obligations falling within the contract boundary referred to in Article 18. Cash flow projections for the calculation of the premium provision shall include benefits, expenses and premiums relating to these events.

3 The provision for claims outstanding shall relate to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not.

4 Cash flow projections for the calculation of the provision for claims outstanding shall include benefits, expenses and premiums relating to the events referred to in paragraph 3.

Subsection 4

Risk margin

Article 37

Calculation of the risk margin

1 The risk margin for the whole portfolio of insurance and reinsurance obligations shall be calculated using the following formula:

$$RM = CoC \times \sum_{t \geq 0} \frac{SCR(t)}{(1+r(t+1))^{t+1}}$$

where:

(a) *CoC* denotes the Cost-of-Capital rate;

(b) the sum covers all integers including zero;

(c) SCR(t) denotes the Solvency Capital Requirement referred to in Article 38(2) after t years;

(d) r(t + 1) denotes the basic risk-free interest rate for the maturity of t + 1 years.

The basic risk-free interest rate r(t + 1) shall be chosen in accordance with the currency used for the financial statements of the insurance and reinsurance undertaking.

2 Where insurance and reinsurance undertakings calculate their Solvency Capital Requirement using an approved internal model and determine that the model is appropriate to calculate the Solvency Capital Requirement referred to in Article 38(2) for each point in time over the lifetime of the insurance and reinsurance obligations, the insurance and reinsurance undertakings shall use the internal model to calculate the amounts *SCR*(*t*) referred to in paragraph 1.

3 Insurance and reinsurance undertakings shall allocate the risk margin for the whole portfolio of insurance and reinsurance obligations to the lines of business referred to in Article 80 of Directive 2009/138/EC. The allocation shall adequately reflect the contributions of the lines of business to the Solvency Capital Requirement referred to in Article 38(2) over the lifetime of the whole portfolio of insurance and reinsurance obligations.

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Article 38

Reference undertaking

1 The calculation of the risk margin shall be based on all of the following assumptions:

a the whole portfolio of insurance and reinsurance obligations of the insurance or reinsurance undertaking that calculates the risk margin (the original undertaking) is taken over by another insurance or reinsurance undertaking (the reference undertaking);

b notwithstanding point (a), where the original undertaking simultaneously pursues both life and non-life insurance activities according to Article 73(5) of Directive 2009/138/EC, the portfolio of insurance obligations relating to life insurance activities and life reinsurance obligations and the portfolio of insurance obligations relating to non-life insurance activities and non-life reinsurance obligations are taken over separately by two different reference undertakings;

c the transfer of insurance and reinsurance obligations includes any reinsurance contracts and arrangements with special purpose vehicles relating to these obligations;

d the reference undertaking does not have any insurance or reinsurance obligations or own funds before the transfer takes place;

e after the transfer, the reference undertaking does not assume any new insurance or reinsurance obligations;

f after the transfer, the reference undertaking raises eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations over the lifetime thereof;

g after the transfer, the reference undertaking has assets which amount to the sum of its Solvency Capital Requirement and of the technical provisions net of the amounts recoverable from reinsurance contracts and special purpose vehicles;

h the assets are selected in such a way that they minimise the Solvency Capital Requirement for market risk that the reference undertaking is exposed to;

i the Solvency Capital Requirement of the reference undertaking captures all of the following risks:

(i) underwriting risk with respect to the transferred business,

(ii) where it is material, the market risk referred to in point (h), other than interest rate risk,

(iii) credit risk with respect to reinsurance contracts, arrangements with special purpose vehicles, intermediaries, policyholders and any other material exposures which are closely related to the insurance and reinsurance obligations,

(iv) operational risk;

j the loss-absorbing capacity of technical provisions, referred to in Article 108 of Directive 2009/138/EC, in the reference undertaking corresponds for each risk to the loss-absorbing capacity of technical provisions in the original undertaking;

k there is no loss-absorbing capacity of deferred taxes as referred to in Article 108 of Directive 2009/138/EC for the reference undertaking;

l the reference undertaking will, subject to points (e) and (f), adopt future management actions that are consistent with the assumed future management actions, as referred to in Article 23, of the original undertaking.

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2 Over the lifetime of the insurance and reinsurance obligations, the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations referred to in the first subparagraph of Article 77(5) of Directive 2009/138/EC shall be assumed to be equal to the Solvency Capital Requirement of the reference undertaking under the assumptions set out in paragraph 1.

3 For the purposes of point (i) of paragraph 1, a risk shall be considered to be material where its impact on the calculation of the risk margin could influence the decision-making or the judgment of the users of that information, including supervisory authorities.

Article 39

Cost-of-Capital rate

The Cost-of-Capital rate referred to in Article 77(5) of Directive 2009/138/EC shall be assumed to be equal to 6 %.

Subsection 5

Calculation of technical provisions as a whole

Article 40

Circumstances in which technical provisions shall be calculated as a whole and the method to be used

1 For the purposes of the second subparagraph of Article 77(4) of Directive 2009/138/EC, reliability shall be assessed pursuant to paragraphs 2 and 3 of this Article and technical provisions shall be valued pursuant to paragraph 4 of this Article.

2 The replication of cash flows shall be considered to be reliable where those cash flows are replicated in amount and timing in relation to the underlying risks of those cash flows and in all possible scenarios. The following cash flows associated with insurance or reinsurance obligations cannot be reliably replicated:

a cash flows associated with insurance or reinsurance obligations that depend on the likelihood that policy holders will exercise contractual options, including lapses and surrenders;

b cash flows associated with insurance or reinsurance obligations that depend on the level, trend, or volatility of mortality, disability, sickness and morbidity rates;

c all expenses that will be incurred in servicing insurance and reinsurance obligations.

3 Financial instruments shall be considered to be financial instruments for which a reliable market value is observable where those financial instruments are traded on an active, deep, liquid and transparent market. Active markets shall also comply with Article 10(4).

4 Insurance and reinsurance undertakings shall determine the value of technical provisions on the basis of the market price of the financial instruments used in the replication.

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Subsection 6

Recoverables from reinsurance contracts and special purpose vehicles

Article 41

General provisions

1 The amounts recoverable from reinsurance contracts and special purpose vehicles shall be calculated consistently with the boundaries of the insurance or reinsurance contracts to which those amounts relate.

2 The amounts recoverable from special purpose vehicles, the amounts recoverable from finite reinsurance contracts as referred to in Article 210 of Directive 2009/138/EC and the amounts recoverable from other reinsurance contracts shall each be calculated separately. The amounts recoverable from a special purpose vehicle shall not exceed the aggregate maximum risk exposure of that special purpose vehicle to the insurance or reinsurance undertaking.

3 For the purpose of calculating the amounts recoverable from reinsurance contracts and special purpose vehicles, cash flows shall only include payments in relation to compensation of insurance events and unsettled insurance claims. Payments in relation to other events or settled insurance claims shall be accounted for outside the amounts recoverable from reinsurance contracts and special purpose vehicles and other elements of the technical provisions. Where a deposit has been made for the cash flows, the amounts recoverable shall be adjusted accordingly to avoid a double counting of the assets and liabilities relating to the deposit.

4 The amounts recoverable from reinsurance contracts and special purpose vehicles for non-life insurance obligations shall be calculated separately for premium provisions and provisions for claims outstanding in the following manner:

a the cash flows relating to provisions for claims outstanding shall include the compensation payments relating to the claims accounted for in the gross provisions for claims outstanding of the insurance or reinsurance undertaking ceding risks;

b the cash flows relating to premium provisions shall include all other payments.

5 Where cash flows from the special purpose vehicles to the insurance or reinsurance undertaking do not directly depend on the claims against the insurance or reinsurance undertaking ceding risks, the amounts recoverable from those special purpose vehicles for future claims shall only be taken into account to the extent that it can be verified in a prudent, reliable and objective manner that the structural mismatch between claims and amounts recoverable is not material.

Article 42

Counterparty default adjustment

1 Adjustments to take account of expected losses due to default of a counterparty referred to in Article 81 of Directive 2009/138/EC shall be calculated separately from the rest of the amounts recoverable.

2 The adjustment to take account of expected losses due to default of a counterparty shall be calculated as the expected present value of the change in cash flows underlying the amounts recoverable from that counterparty, that would arise if the counterparty defaults, including as a result of insolvency or dispute, at a certain point in time. For that purpose, the change in

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cash flows shall not take into account the effect of any risk mitigating technique that mitigates the credit risk of the counterparty, other than risk mitigating techniques based on collateral holdings. The risk mitigating techniques that are not taken into account shall be separately recognised without increasing the amount recoverable from reinsurance contracts and special purpose vehicles.

3 The calculation referred to in paragraph 2 shall take into account possible default events over the lifetime of the reinsurance contract or arrangement with the special purpose vehicle and whether and how the probability of default varies over time. It shall be carried out separately by each counterparty and for each line of business. In non-life insurance, it shall also be carried out separately for premium provisions and provisions for claims outstanding.

4 The average loss resulting from a default of a counterparty, referred to in Article 81 of Directive 2009/138/EC, shall not be assessed at lower than 50 % of the amounts recoverable excluding the adjustment referred to in paragraph 1, unless there is a reliable basis for another assessment.

5 The probability of default of a special purpose vehicle shall be calculated on the basis of the credit risk inherent in the assets held by the special purpose vehicle.

SECTION 4

Relevant risk-free interest rate term structure

Subsection 1

General provisions

***[F1** Article 43*

General provisions

1 The rates of the basic risk-free interest rate term structure shall meet all of the following criteria:

a insurance and reinsurance undertakings are able to earn the rates in a risk-free manner in practice;

b the rates are reliably determined based on financial instruments traded in a deep, liquid and transparent financial market.

The rates of the relevant risk-free interest rate term structure shall be calculated separately for each currency and maturity, based on all information and data relevant for that currency and that maturity.

2 The techniques, data specifications and parameters used for determining the technical information on the relevant risk-free interest rate term structure referred to in **[**[F4]regulation 4B of the Solvency 2 Regulations 2015 (S.I. 2015/575)**]**, including the ultimate forward rate, the last maturity for which the relevant risk-free interest rate term structure is not being extrapolated and the duration of its convergence towards the ultimate forward rate, shall be transparent, prudent, reliable, objective and consistent over time.

[F5]3 . . . . . .

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[F5]4 . . . . . .

[F5]5 . . . . . **]**

Textual Amendments

F1 Substituted by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 amending Delegated Regulation (EU) 2015/35 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).

F4 Words in Art. 43(2) substituted (31.12.2020) by The Risk Transformation and Solvency 2 (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1233), regs. 1(4), **6(2)(a)**; 2020 c. 1, Sch. 5 para. 1(1)

F5 Art. 43(3)-(5) omitted (31.12.2020) by virtue of The Risk Transformation and Solvency 2 (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/1233), regs. 1(4), **6(2)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

Subsection 2

Basic risk free interest rate term structure

Article 44

Relevant financial instruments to derive the basic risk-free interest rates

1 For each currency and maturity, the basic risk-free interest rates shall be derived on the basis of interest rate swap rates for interest rates of that currency, adjusted to take account of credit risk.

2 For each currency, for maturities where interest rate swap rates are not available from deep, liquid and transparent financial markets the rates of government bonds issued in that currency, adjusted to take account of the credit risk of the government bonds, shall be used to derive the basic risk free-interest rates, provided that, such government bond rates are available from deep, liquid and transparent financial markets.

Article 45

Adjustment to swap rates for credit risk

The adjustment for credit risk referred to in Article 44(1) shall be determined in a transparent, prudent, reliable and objective manner that is consistent over time. **[**[F6]The adjustment is to be calculated to reflect the level of credit risk inherent in a financial instrument which is used to derive the basic risk-free interest rate. If a relevant financial instrument contains negligible credit risk, the adjustment may be zero.**]**

Textual Amendments

F6 Words in Art. 45 substituted (28.5.2021) by The Solvency 2 (Credit Risk Adjustment) Regulations 2021 (S.I. 2021/463), regs. 1, **2**

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Article 46

Extrapolation

1 The principles applied when extrapolating the relevant risk free interest rate term structure shall be the same for all currencies. This shall also apply as regards the determination of the longest maturities for which interest rates can be observed in a deep, liquid and transparent market and the mechanism to ensure a smooth convergence to the ultimate forward rate.

2 Where insurance and reinsurance undertakings apply Article 77d of Directive 2009/138/EC, the extrapolation shall be applied to the risk-free interest rates including the volatility adjustment referred to in that Article.

3 Where insurance and reinsurance undertakings apply Article 77b of Directive 2009/138/EC, the extrapolation shall be based on the risk-free interest rates without a matching adjustment. The matching adjustment referred to in that Article shall be applied to the extrapolated risk-free interest rates.

Article 47

Ultimate forward rate

1 For each currency, the ultimate forward rate referred to in paragraph 1 of Article 46 shall be stable over time and shall only change as a result of changes in long-term expectations. The methodology to derive the ultimate forward rate shall be clearly specified in order to ensure the performance of scenario calculations by insurance and reinsurance undertakings. It shall be determined in a transparent, prudent, reliable and objective manner that is consistent over time.

2 For each currency the ultimate forward rate shall take account of expectations of the long-term real interest rate and of expected inflation, provided those expectations can be determined for that currency in a reliable manner. The ultimate forward rate shall not include a term premium to reflect the additional risk of holding long-term investments.

Article 48

Basic risk-free interest rate term structure of currencies pegged to the euro

1 For a currency pegged to the euro, the basic risk-free interest rate term structure for the euro, adjusted for currency risk, may be used to calculate the best estimate with respect to insurance or reinsurance obligations denoted in that currency, provided that all of the following conditions are met:

a the pegging ensures that the exchange rate between that currency and the euro stays within a range not wider than 20 % of the upper limit of the range;

b the economic situation of the euro area and the area of that currency are sufficiently similar to ensure that interest rates for the euro and that currency develop in a similar way;

c the pegging arrangement ensures that the relative changes in the exchange rate over a one-year-period do not exceed the range referred to in point (a) of this paragraph, in the event of extreme market events, that correspond to the confidence level set out in **[**[F7]rules 3.3 and 3.4 of the Solvency Capital Requirement – General Provisions part of the PRA Rulebook**]**;

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d one of the following criteria is complied with:

(i) participation of that currency in the European Exchange Rate Mechanism (ERM II);

(ii) existence of a decision from the Council which recognizes pegging arrangements between that currency and the euro;

(iii) establishment of the pegging arrangement by the law of the country establishing that country's currency.

For the purpose of point (c), the financial resources of the parties that guarantee the pegging shall be taken into account.

2 The adjustment for currency risk shall be negative and shall correspond to the cost of hedging against the risk that the value in the pegged currency of an investment denominated in euro decreases as a result of changes in the level of the exchange rate between the euro and the pegged currency. The adjustment shall be the same for all insurance and reinsurance undertakings.

Textual Amendments

F7 Words in Art. 48(1)(c) substituted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **11(11)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2) and with savings in S.I. 2019/680, reg. 11)

Subsection 3

Volatility adjustment

Article 49

Reference portfolios

1 The reference portfolios referred to in Article 77d(2) and (4) of Directive 2009/138/EC shall be determined in a transparent, prudent, reliable and objective manner that is consistent over time. The methods applied when determining the reference portfolios shall be the same for all currencies and countries.

2 For each currency and each country, the assets of the reference portfolio shall be valued in accordance with Article 10(1) and shall be traded in markets that, except in periods of stressed liquidity, comply with Article 40(3). Financial instruments traded in markets that temporarily cease to comply with Article 40(3) may only be included in the portfolio where that market is expected to comply with the criteria again within a reasonable period.

3 For each currency and each country, the reference portfolio of assets shall meet all of the following requirements:

a for each currency, the assets are representative of the investments made by insurance and reinsurance undertakings in that currency to cover the best estimate for insurance and reinsurance obligations denominated in that currency; for each country, the assets are representative of the investments made by insurance and reinsurance undertakings in that country to cover the best estimate for insurance and reinsurance obligations sold in the insurance market of that country and denominated in the currency of that country;

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b where available the portfolio is based on relevant indices which are readily available to the public and published criteria exist for when and how the constituents of those indices will be changed;

c the portfolio of assets includes all of the following assets:

— bonds, securitisations and loans, including mortgage loans

— equity

— property

For the purposes of points (a) and (b), investments of insurance and reinsurance undertakings in collective investment undertakings and other investments packaged as funds shall be treated as investments in the underlying assets.

Article 50

Formula to calculate the spread underlying the volatility adjustment

For each currency and each country the spread referred to in Article 77d(2) and (4) of Directive 2009/138/EC shall be equal to the following:

$$S = w_{gov} \times \max(S_{gov}, 0) + w_{corp} \times \max(S_{corp}, 0)$$

where:

(a) w_{gov} denotes the ratio of the value of government bonds included in the reference portfolio of assets for that currency or country and the value of all the assets included in that reference portfolio;

(b) S_{gov} denotes the average currency spread on government bonds included in the reference portfolio of assets for that currency or country;

(c) w_{corp} denotes the ratio of the value of bonds other than government bonds, loans and securitisations included in the reference portfolio of assets for that currency or country and the value of all the assets included in that reference portfolio;

(d) S_{corp} denotes the average currency spread on bonds other than government bonds, loans and securitisations included in the reference portfolio of assets for that currency or country.

For the purposes of this Article, ‘government bonds’ means exposures to central governments and central banks.

Article 51

Risk-corrected spread

The portion of the average currency spread that is attributable to a realistic assessment of expected losses, unexpected credit risk or any other risk referred to in Article 77d(3) and (4) of Directive 2009/138/EC shall be calculated in the same manner as the fundamental spread referred to in Article 77c (2) of Directive 2009/138/EC and Article 54 of this Regulation.

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Subsection 4

Matching adjustment

Article 52

Mortality risk stress

1 The mortality risk stress referred to in Article 77b(1)(f) of Directive 2009/138/EC shall be the more adverse of the following two scenarios in terms of its impact on basic own funds:

a an instantaneous permanent increase of 15 % in the mortality rates used for the calculation of the best estimate;

b an instantaneous increase of 0.15 percentage points in the mortality rates (expressed as percentages) which are used in the calculation of technical provisions to reflect the mortality experience in the following 12 months.

2 For the purpose of paragraph 1 the increase in mortality rates shall only apply to those insurance policies for which the increase in mortality rates leads to an increase in technical provisions taking into account all of the following:

a multiple insurance policies in respect of the same insured person may be treated as if they were one insurance policy;

b where the calculation of technical provisions is based on groups of policies as referred to in Article 35, the identification of the policies for which technical provisions increase under an increase of mortality rates may also be based on those groups of policies instead of single policies, provided that it yields a result which is not materially different.

3 With regard to reinsurance obligations, the identification of the policies for which technical provisions increase under an increase of mortality rates shall apply to the underlying insurance policies only and shall be carried out in accordance with paragraph 2.

Article 53

Calculation of the matching adjustment

1 For the purpose of the calculation referred to in Article 77c(1)(a) of Directive 2009/138/EC insurance and reinsurance undertakings shall only consider the assigned assets whose expected cash flows are required to replicate the cash flows of the portfolio of insurance and reinsurance obligations, excluding any assets in excess of that. The ‘expected cash flow’ of an asset means the cash flow of the asset adjusted to allow for the probability of default of the asset that corresponds to the element of the fundamental spread set out in Article 77c(2)(a)(i) of Directive 2009/138/EC or, where no reliable credit spread can be derived from the default statistics, the portion of the long term average of the spread over the risk-free interest rate set out in Article 77c(2)(b) and (c) of that Directive.

2 The deduction of the fundamental spread, referred to in Article 77c(1)(b) of Directive 2009/138/EC, from the result of the calculation set out in Article 77c(1)(a) of that Directive, shall include only the portion of the fundamental spread that has not already been reflected in the adjustment to the cash flows of the assigned portfolio of assets, as set out in paragraph 1 of this Article.

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Article 54

Calculation of the fundamental spread

1 The fundamental spread referred to in Article 77c(2) shall be calculated in a transparent, prudent, reliable and objective manner that is consistent over time, based on relevant indices where available. The methods to derive fundamental spread of a bond shall be the same for each currency and each country and may be different for government bonds and for other bonds.

2 The calculation of the credit spread referred to in Article 77c(2)(a)(i) of Directive 2009/138/EC shall be based on the assumption that in case of default 30 % of the market value can be recovered.

3 The long-term average referred to in Article 77c(2)(b) and (c) of Directive 2009/138/EC shall be based on data relating to the last 30 years. Where a part of that data is not available, it shall be replaced by constructed data. The constructed data shall be based on the available and reliable data relating to the last 30 years. Data that is not reliable shall be replaced by constructed data using that methodology. The constructed data shall be based on prudent assumptions.

4 The expected loss referred to in Article 77c(2)(a)(ii) of Directive 2009/138/EC shall correspond to the probability-weighted loss the insurance or reinsurance undertaking incurs where the asset is downgraded to a lower credit quality step and is replaced immediately afterwards. The calculation of the expected loss shall be based on the assumption that the replacing asset meets all of the following criteria:

a the replacing asset has the same cash flow pattern as the replaced asset before downgrade;

b the replacing asset belongs to the same asset class as the replaced asset;

c the replacing asset has the same credit quality step as the replaced asset before downgrade or a higher one.

SECTION 5

Lines of business

Article 55

Lines of business

1 The lines of business referred to in Article 80 of Directive 2009/138/EC shall be those set out in Annex I to this Regulation.

2 The assignment of an insurance or reinsurance obligation to a line of business shall reflect the nature of the risks relating to the obligation. The legal form of the obligation shall not necessarily be determinative of the nature of the risk.

3 Provided that the technical basis is consistent with the nature of the risks relating to the obligation, obligations of health insurance pursued on a similar technical basis to that of life insurance shall be assigned to the lines of business for life insurance and obligations of health insurance pursued on a similar technical basis to that of non-life insurance shall be assigned to the lines of business for non-life insurance.

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4 Where the insurance obligations arising from the operations referred to in Article 2(3)(b) of Directive 2009/138/EC cannot clearly be assigned to the lines of business set out in Annex I to this Regulation on the basis of their nature, they shall be included in line of business 32 as set out in that Annex.

5 Where an insurance or reinsurance contract covers risks across life and non-life insurance, the insurance or reinsurance obligations shall be unbundled into their life and non-life parts.

6 Where an insurance or reinsurance contract covers risks across the lines of business as set out in Annex I to this Regulation, the insurance or reinsurance obligations shall, where possible, be unbundled into the appropriate lines of business.

7 Where an insurance or reinsurance contract includes health insurance or reinsurance obligations and other insurance or reinsurance obligations, those obligations shall, where possible, be unbundled.

SECTION 6

Proportionality and simplifications

Article 56

Proportionality

1 Insurance and reinsurance undertakings shall use methods to calculate technical provisions which are proportionate to the nature, scale and complexity of the risks underlying their insurance and reinsurance obligations.

2 In determining whether a method of calculating technical provisions is proportionate, insurance and reinsurance undertakings shall carry out an assessment which includes:

a an assessment of the nature, scale and complexity of the risks underlying their insurance and reinsurance obligations;

b an evaluation in qualitative or quantitative terms of the error introduced in the results of the method due to any deviation between the following:

(i) the assumptions underlying the method in relation to the risks;

(ii) the results of the assessment referred to in point (a).

3 The assessment referred to in point (a) of paragraph 2 shall include all risks which affect the amount, timing or value of the cash in- and out-flows required to settle the insurance and reinsurance obligations over their lifetime. For the purpose of the calculation of the risk margin, the assessment shall include all risks referred to in Article 38(1)(i) over the lifetime of the underlying insurance and reinsurance obligations. The assessment shall be restricted to the risks that are relevant to that part of the calculation of technical provisions to which the method is applied.

4 A method shall be considered to be disproportionate to the nature, scale and complexity of the risks if the error referred to in point (b) of paragraph 2 leads to a misstatement of technical provisions or their components that could influence the decisions-making or judgment of the intended user of the information relating to the value of technical provisions, unless one of the following conditions are met:

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a no other method with a smaller error is available and the method is not likely to result in an underestimation of the amount of technical provisions;

b the method leads to an amount of technical provisions of the insurance or reinsurance undertaking that is higher than the amount that would result from using a proportionate method and the method does not lead to an underestimation of the risk inherent in the insurance and reinsurance obligations that it is applied to.

Article 57

Simplified calculation of recoverables from reinsurance contracts and special purpose vehicles

1 Without prejudice to Article 56 of this Regulation, insurance and reinsurance undertakings may calculate the amounts recoverable from reinsurance contracts and special purpose vehicles before adjusting those amounts to take account of the expected loss due to default of the counterparty as the difference between the following estimates:

a the best estimate calculated gross as referred to in Article 77(2) of Directive 2009/138/EC;

b the best estimate, after taking into account the amounts recoverable from reinsurance contracts and special purpose vehicles and without an adjustment for the expected loss due to default of the counterparty (unadjusted net best estimate) calculated in accordance with paragraph 2.

2 Insurance and reinsurance undertakings may use methods to derive the unadjusted net best estimate from the gross best estimate without an explicit projection of the cash flows underlying the amounts recoverable from reinsurance contracts and special purpose vehicles. Insurance and reinsurance undertakings shall calculate the unadjusted net best estimate based on homogeneous risk groups. Each of those homogeneous risk groups shall cover not more than one reinsurance contract or special purpose vehicles unless those reinsurance contracts or special purpose vehicles provide a transfer of homogeneous risks.

Article 58

Simplified calculation of the risk margin

Without prejudice to Article 56, insurance and reinsurance undertakings may use simplified methods when they calculate the risk margin, including one or more of the following:

(a) methods which use approximations of the amounts denoted by the terms *SCR(t)* referred to in Article 37(1);

(b) methods which approximate the discounted sum of the amounts denoted by the terms *SCR(t)* as referred to in Article 37(1) without calculating each of those amounts separately.

Article 59

Calculations of the risk margin during the financial year

Without prejudice to Article 56, insurance and reinsurance undertakings may derive the risk margin for calculations that need to be performed quarterly from the result of

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an earlier calculation of the risk margin without an explicit calculation of the formula referred to in Article 37(1).

Article 60

Simplified calculation of the best estimate for insurance obligations with premium adjustment mechanism

Without prejudice to Article 56, insurance and reinsurance undertakings may calculate the best estimate of life insurance obligations with an arrangement by which the insurance undertaking has the right or the obligation to adjust the future premiums of an insurance contract to reflect material changes in the expected level of claims and expenses (premium adjustment mechanism) using cash flow projections which assume that changes in the level of claims and expenses occur simultaneously with premium adjustments and which result in a net cash flow that is equal to zero, provided that all of the following conditions are met:

(a) the premium adjustment mechanism fully compensates the insurance undertaking for any increase in the level of claims and expenses in a timely manner;

(b) the calculation does not result in an underestimation of the best estimate;

(c) the calculation does not result in an underestimation of the risk inherent in those insurance obligations.

Article 61

Simplified calculation of the counterparty default adjustment

Without prejudice to Article 56 of this Regulation, insurance and reinsurance undertakings may calculate the adjustment for expected losses due to default of the counterparty, referred to in Article 81 of Directive 2009/138/EC, for a specific counterparty and homogeneous risk group to be equal as follows:

$$Adj_{CD} = -\max\left(0{,}5 \times \frac{PD}{1-PD} \times Dur_{\mathrm{mod}} \times BE_{rec};0\right)$$

where:

(a) PD denotes the probability of default of that counterparty during the following 12 months;

(b) Dur_{mod} denotes the modified duration of the amounts recoverable from reinsurance contracts with that counterparty in relation to that homogeneous risk group;

(c) BE_{rec} denotes the amounts recoverable from reinsurance contracts with that counterparty in relation to that homogeneous risk group.

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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)