STATUTORY INSTRUMENTS

2015 No. 575

The Solvency 2 Regulations 2015

PART 2

Supervision

[^{F1}**Duty to publish technical information**

4B.—(1)   For the relevant quarter and every quarter thereafter, by the 8th working day of the month that follows the end of the quarter, the PRA must publish on its website the following information for each relevant currency—

(a) the relevant risk-free interest rate term structure used to calculate the best estimate, without any matching adjustment or volatility adjustment,

(b) for each relevant duration, credit quality and asset class, a fundamental spread for the calculation of the matching adjustment to the relevant risk-free interest rate term structure used to calculate the best estimate for a portfolio of life insurance or reinsurance obligations, and

(c) for each relevant national insurance market, a volatility adjustment to the relevant risk-free interest rate term structure used to calculate the best estimate.

(1A) For the purposes of paragraph (1), the "relevant quarter" is the first quarter which ends after this regulation comes into force.

(2) Paragraph 17(9)(b) of Schedule 6A to the Bank of England Act 1998 does not prohibit the making of a rule that imposes an obligation on PRA-authorised persons by reference to information published by the PRA under this regulation.

(3) The volatility adjustment referred to in paragraph (1) must, for each relevant currency—

(a) be based on the spread between the interest rate that could be earned from the assets included in the reference portfolio for that currency and the rates of the relevant basic risk-free interest rate term structure for that currency, and

(b) correspond to 65% of the risk-corrected currency spread.

(4) The reference portfolio for a currency is one that is representative of the assets which are denominated in that currency and which insurance and reinsurance undertakings are invested in to cover the best estimate for insurance and reinsurance obligations denominated in that currency.

(5) The risk-corrected currency spread must be calculated as the difference between the spread referred to in paragraph (3)(a) and the portion of the spread that is attributable to a realistic assessment of expected losses or unexpected credit or other risk of the assets.

(6) For each relevant country, the volatility adjustment to the risk-free interest rates referred to in paragraph 3(b) for the currency of that country must, before application of the 65% factor, be increased by the difference between the risk-corrected country spread and twice the risk-corrected currency spread, whenever that difference is positive and the risk-corrected country spread is higher than 85 basis points.

(7) For the purposes of paragraph (6), the risk-corrected country spread must be—

(a) calculated in the same way as the risk-corrected currency spread for the currency of that country, but based on a reference portfolio that is representative for the assets which insurance and reinsurance undertakings are invested in, to cover the best estimate for insurance and reinsurance obligations of products sold in the insurance market of that country, and

(b) denominated in the currency of that country.**]**

Textual Amendments

F1   Regs. 4A-4D inserted (31.12.2020) by The Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019 (S.I. 2019/407), regs. 1(2), **8(3)** (as amended by S.I. 2020/1385, regs. 1(2)(4), **54(2)(3)**, S.I. 2019/1390, regs. 1(4), 11(2) and S.I. 2019/960, regs. 1(3), **10(3)** (as amended by S.I. 2020/1301, regs. 1, 3, **Sch. para. 40(e)(i)(f)**))); 2020 c. 1, **Sch. 5 para. 1(1)**)