Number	Date	Reference	Question	Answer
890	06. Okt 16	Opinion on combination of methods	We have a question in relation to the opinion below: https://eiopa.europa.eu/Publications/Opinions/20160127_EIOPA%20opinion_combination%20of%20methods.pdf Relevant paragraphs for the question of hybrid limits appear to be # 2,3 and 6,7. We struggle with the following example: Say an insurance group uses the consolidated method for 50% of its business and aggregation/deduction for the other 50% and issues all capital instruments out of the top company. Are they then really limited for Tier 2 to just 50% of the SCR of the consolidated part as #7 would suggest?	The opinion you are referring to addresses unintended consequences that the use of a combination of methods may lead to. In your example, as a strict application of method 1 rules, the tier limits used to assess the eligibility of capital instruments would be determined only on the basis of the consolidated part of the group SCR. Paragraph 9 of the opinion provides that in certain specific situations, the group supervisor may need to allow specific solutions to avoid unjustified disadvantages. Paragraph 10 provides conditions which, according to EIOPA, should be satisfied when considering specific solutions. Paragraph 11 provides that those specific situations should be properly discussed with and approved by the group supervisor. If you consider being in such a specific situation, please discuss the matter with your group supervisor.
1340	14. Jun 17	Subsection 6	How should be valued reinsurance recoverables from proportional Clean-cut Quota Share Reinsurance Treaties on the solvency II balance sheet of a ceded undertaking?	• In essence Clean-cut Quota Share Reinsurance Treaties are proportional treaties that cede business on a financial year basis and in their purest form are associated with incoming and outgoing premium and claim portfolios. • Thus, if one reinsurer is to be relieved of its liability under the treaty at an anniversary date, it will be debited with an amount representing the unearned premium in the last account of the year. The new reinsurer who takes over the business for the subsequent year is credited with the premium which has thus been withdrawn from the previous reinsurer. The effect of this transaction is to release the previous reinsurer from any liability in respect of the unexpired portion of the risks which were accepted in the preceding year and the new reinsurer accepts this liability. The new reinsurer will then assume the liability for all claims which might arise in the current year until the anniversary date on the running off of the old risks. • Any losses that had occurred that have not yet been paid (outstanding losses) should be estimated and settled with the outgoing reinsurers and be passed to the new reinsurers who will then become responsible for paying the claims when they are eventually settled. • Any loss' limits and ceding commissions should be considered. • It should be assessed the full terms of the contract and the impact in terms of the cash-flows as all the cash-flows required to settle the obligations need to be projected, as required under Articles 41 and 42 of the Comission Delegated Regulation (EU) 2015/35 and Articles 81 and 77 of the Solvency directive (valuation of assets and liabilities). • The expected present value of the cash-flows shall be calculated using the relevant risk-free rate term structure and adjustments should be made to take account of expected losses due to default of the counterparty. • Example: o The reinsurance treaty covers the period from 1st September 2015 to 31st December 2016 o Assume the insurance undertaking was notified of a claim before 1st September 2015 o Assume the claim reserve on 1st September 2015 is 100 EUR o Assume the insurance undertaking pays the claim during November 2015, but pays more than the provision: 110 EUR
1105	29. Jun 17	Solvency II TPs - reinsurance premiums	Should reinsurance premiums payable by an insurer to its reinsurer be valued within the gross technical provisions or within the amounts recoverable from reinsurance contracts? I believe that market practice is to include RI premiums within the amounts recoverable from reinsurance contracts, and this view was consistent with previous draft Solvency II regulations. However, much about TPs changed during the development of the draft regulations, and a cold read of the final regulations could easily support a different view. Eg:	We confirm that reinsurance premiums payable by an insurer to its reinsurer should not be valued within the technical provisions, in accordance with Articles 77(2) of the Solvency II Directive. They can be presented within the recoverable from reinsurers or within the amount payable to reinsurers. However, please note that this presentation in the balance sheet does not prejudge the application of Article 192 of Commission Regulation 2015/35 when calculating the SCR.
1270	21. Jul 17	Commission Delegated Regulation (EU) 2015/35 Article 129(1) - Motor vehicle liability risk sub-module	The capital requirement for motor vehicle liability risk is defined in euro. When converting this amount into the reporting currency, is the exchange rate to be used that defined in Directive 2009/138/EC Article 299, and if not, what definition of the exchange rate should be used?	The conversion of the euro amounts for the absolute floors of the MCR set out in Article 129 of Directive 2009/138/EC and of the euro amount set out in Article 129(1) of Commission Delegated Regulation (EU) 2015/35 should be carried out in accordance with Article 299 of Directive 2009/138/EC.

438	24. Jul 17	Article 330 of the Delegated Acts, Article 100 of the Directive.	In determining the Own Funds available to cover the Group's SCR, Article 330 (1)(a) and (b) requires us to consider whether any regulatory restrictions might prevent the own funds being transferred to another entity or otherwise used to cover losses elsewhere in the group. Article 100 of the Directive requires entities to hold Own Funds of at least 100% of SCR. Does the requirement in Article 100 of the Directive create a regulatory restriction as described by Article 330 of the Delegated Acts? We note that treating the requirement to hold 100% SCR as a regulatory restriction would effectively remove inter-company diversification from the Group solvency position (via the Own Funds rather than the SCR), which would appear to go against the principles of Solvency II. In particular Recitals 101 (Group SCR should allow for global diversification of risks) and 141 (desire for a Group support regime). However, it would appear the current wording can be interpreted in this way, and we would appreciate your clarification on the matter.	Requirements set in Article 100 of the Solvency II Directive should not in principle be considered as restricting the availability of the own fund items or of the assets at the level of the group, in the meaning of Article 330 of Commission Delegated Regulation 2015/35. This does not preclude National Supervisory Authorities (NSAs) from challenging the availability and transferability of own funds as assessed by groups. As a result of any challenge posed by NSAs, some Own Funds may be deemed not available. In any case groups should be able to demonstrate the availability and transferability of any own funds item when requested/challenged by NSAs. More generally, it is required for groups to set out their own assessment of any items which might be deducted from own funds owing to any significant restriction affecting the availability, fungibility or transferability of own funds within the undertaking. This requirement is outlined by Article 297 (1) (h), Article 359 (e) (ii) and Article 372 (2) (c) (xi) of the Delegated Regulation as well as Article 246 (4) of Solvency II Directive. Groups should engage from an early stage with the group supervisors regarding any doubts on the availability and transferability of those own funds.
1344	17. Aug 17	Article 336	Which capital requirement for credit, investment firms and financial institution should be included when calculating the consolidated group SCR according to Article 336 in the Delegated Regulation 2015/35? According to DR Article 336 c, the proportional share of the capital requirements for credit institutions, investment firms and financial institutions calculated according to the relevant sectoral rules should be included in the calculation of the consolidated SCR. And DR Article 329.1.a states that the calculation of the group solvency shall include capital requirements and own funds for related undertakings which are credit institutions, investment firms and financial institutions according to the relevant sectoral rules referred to in Article 2.7 of Directive 2002/87/EC (FICOD). When using Method 1 (according to Solvency 2) when calculating the Solvency 2 group solvency, which capital requirement should be used for related under-takings which are credit institutions, investment firms and financial institutions? Should it be including all requirements and buffers as stated in Article 9 of DR 342/2014 (RTS on capital – FICOD 6 (2))? I e is the capital requirement for OFS the same in the Solvency 2-calculation as when calculating the capital requirement for an insurance-led financial conglomerate? If not, which capital requirement should be used in the Solvency 2 calculation?	The capital requirement should be the one as described in article 9 of Delegated Regulation 342/2014, including a requirement arising from the internal capital adequacy assessment process in Article 73 of Directive 2013/36/EU, any requirement imposed by a competent authority pursuant to Article 104(1)(a) of that Directive, the combined buffer requirement as defined in Article 128(6) of that Directive, and measures adopted pursuant to Articles 458 or 459 of Regulation (EU) No 575/2013. The solvency requirements for the purpose of the calculation of the supplementary capital adequacy requirements should reflect all these requirements and the same should apply to calculate the consolidated group Solvency Capital Requirement of Solvency II Directive
1290	21. Aug 17	Leasing IFRS	The final report on Guidelines on valuation of assets and other liabilities had an Annex (Table: Consistency of IFRS Valuation with Article 75 of the Directive) that detailed whether IFRSs / IASs where or not consistent with SII. It did go into Leasing standard (IAS17). So you are right that the final Guidelines have nothing to update in this regard. Having said that, the table is very useful but not part of the guidelines - only part of the Final report - we as auditors refer to it often and so do clients. So the question is whether EIOPA plans to update the mentioned table over time. We have been thinking about the impact of the new standard on the SII balance sheet, also for Standard formula reporters there is a capital impact that might be material depending on amount of lease assets. Some clients have asked the question already hence it would be useful to know EIOPA's plan to deal with this.	The annex of the Final Report on the Guidelines on recognition and valuation of assets and liabilities other than technical provisions (Table regarding consistency of IFRSs with Art. 75 of SII Directive) has been added as explanatory text and will not be updated. Our assumption is that the recognition and valuation of balance sheet items according to IFRS 16 Leases are consistent with Art. 75 of SII Directive.
1257	26. Sep 17	article 73 (1)(g)(ii); article 73 (1)(b)	An insurance undertaking intends to issue subordinated notes, which are to be classified as Tier 2 basic own-fund item. In accordance with article 73 (1)(g)(ii) of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, the terms of the contractual arrangement governing the basic own-fund item provide for the distributions in relation to that item to be deferred where there is non-compliance with the SCR or the distribution would lead to such non-compliance until the undertaking complies with the SCR and the distribution would not lead to non-compliance with the SCR. Whereas in accordance with article 73 (1)(b) of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, the basic own-fund item does not include features which may cause the insolvency of the insurance or reinsurance undertaking or may accelerate the process of the undertaking becoming insolvent.	The reading of the provision in the Guidelines on the classification of own funds, Guideline 10, paragraph 1.44 is correct; in the case of Tier 2 own fund items point (d) of Guideline 5, paragraph 1.27 applies mutatis mutandis which in this case concerns the 'deferral' rather than the 'cancellation' of a distribution. Deferred distributions from an own fund item that bear interest are considered to be a feature that would fall within the scope of Guideline 10, paragraph 1.44 since they are a form of compensation that could result in a decrease in own funds. Where the arrears of

1090	16. Okt 17	Delegated regulation article 206(2) and QRT S.26.01.01.	In the Delegated Regulation article 206(2) it is stated that net SCR should be calculated on module or sub-module level. For the market risk this seems to imply that the amount of FDB can be subtracted from each of the subrisks listed in article 164(1) (interest rate, equity, property, spread, currency and concentration). However in the QRT S.26.01.01 the value of 'Liabilities (after the loss absorbing capacity of technical provisions)' is reported on a more graduated level. Here it seems legal to subtract the amount of FDB from both the type 1 equity risk, the type 2 equity risk and infrastructure equity risk. Similarly issue for spread risk and currency risk. What would be the correct approach? If the first approach is correct/permitted, how should the QRT be filled out?	The calculation of the SCR should follow the relevant articles of the Solvency II Directive, Delegated Regulation and Commission Implementation Regulations when applicable. The Instructions of the templates under Commission Implementation Regulation 2450/2015 should not affect the calculation but rather support the submission of information. In this case the information to be reported is in line with the calculation: ◦For equity risk, the amounts of Liabilities before and after the adjustment for the loss-absorbency capacity of technical provisions are requested at the level of risk sub-modules as defined in article 168 (1) of the Delegated Regulation. In this case the calculation of the future discretionary benefits has to be done on the more granular level. However we believe that your analysis of deducting "100" for each sub-SCR is not correct. The future discretionary benefits are calculated for SCRt1, SCRt2 and SCRinfra independently; ◦For Currency risk no granularity is requested but the two different possible scenarios. In this case each scenario should reflect the FDB included in technical provisions; ◦For the spread risk, the amounts of Liabilities before and after the adjustment for the loss-absorbency capacity of technical provisions are requested at the level of risk sub-modules as defined in article 175 and 178 of the Delegated Regulation, including the different scenarios for credit derivatives (similar approach to equity risk applies regarding the sub-modules and to currency risk regarding the scenarios approach).
1028	27. Okt 17	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 (09/30/2015)	In Article 180, section 12, what are the risk factors assigned to an exposure that: relates to a qualifying infrastructure investment that meets the criteria set out in Article 164a is assigned to a matching adjustment portfolio in accordance with Article 77b(2) of Directive 2009/138/EC has been assigned a credit quality step between 0 and 2; In other words, what are the risk factors to apply for exposures that satisfy 12.a, 12.c and 12.d, but not 12.b?	Where the conditions set out in Article 180(12) DA are not met, the risk factors in Article 180(11) DA are not applicable and the spread risk charge has to be determined based on the applicable provisions set out in Article 176 to 181 DA.
1308	14. Nov 17	Art. 261a (1) (a) of the Delegated Regulation (EU) 2015/35 EIOPA-CP-15-004, 1.210-1.213; EIOPA-BoS-15-223, pp. 21-22	How can the validation process be performed, which data source should be used?	Generally, validation would where relevant involve qualitative and quantitative aspects. Validation requires an assessment by the validator of the (conclusions of) the assessment by of the model developer or the person who has carried out the assessment of the criteria. In order to ensure independence of the validation process, the persons or organisational unit carrying out the validation, shall be free from influence from those responsible for the original assessment of the criteria, or for the development of the financial model and have no potential conflicts of interests. An external audit is not required. Where the governance structure allows, the undertaking itself can conduct the validation Alternative 1 would be inappropriate in this respect as there would be no validation.

1309	14. Nov 17	Art. 261a (1) (a) of the Delegated Regulation (EU) 2015/35 EIOPA-CP-15-004, 1.210-1.213; EIOPA-BoS-15-223, pp. 21-22	How can a process involving external experts be designed with regard to DIRECT INVESTMENTS and is it considered outsourcing?	As to the design of the investment process the principles contained in Article 261(a) apply, in addition to the general investment risk management requirements under Article 260(1c) of Delegated Regulation 2015/35. As to outsourcing, Article 13 of Directive 2009/138 (Solvency II Directive) stipulates that outsourcing means an "arrangement of any form between an insurance or reinsurance undertaking and a service provider, whether a supervised entity or not, by which that service provider performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking itself." The undertaking needs to decide whether an arrangement falls within the definition of outsourcing. Hiring a specialist consultant, for example, to provide one-off technical advice or one-off support for an undertaking's risk management does not normally constitute outsourcing. However, it may become outsourcing if an undertaking subsequently relies on that consultant to manage an internal function or service, e.g. when it is installed or becomes fully operational. (See EIOPA-BoS-14/253, Final report on Guidelines on system of governance, explanatory text to GL 60, page 99). Hence, the more the service is provided on a frequent and regular basis, the more likely it is that the activity is considered to be outsourced and therefore Article 49 of the Solvency II Directive as well as Article 274 of the Delegated Regulation are applicable. It shall be noted that the final decision on the activity will always be with the undertaking according to Article 40 of the Solvency II Directive, which remains fully responsible for the outsourced function or activity. In that respect, Alternative 3 where it states "SII departments follows it without additional assessments", may not be appropriate, in particular as the undertaking should designate a person within the undertaking with overall responsibility for an outsourced key function […] able to challenge the performance and results of the service provider. (See Guidelines on system of governance, GL 14).
1312	14. Nov 17	Art. 261a (1) (a) of the Delegated Regulation (EU) 2015/35 EIOPA-CP-15-004, 1.210-1.213; EIOPA-BoS-15-223, pp. 21-22	Do external experts supporting the assessment or the validation have to be regulated (e.g. auditor, lawyer, financial institution?)	The Solvency II Delegated Regulation stipulates the requirements for an outsourcing arrangement (Art. 274), and requires in particular for the outsourcing of critical or important operational functions or activities, a detailed examination of the ability, capacity and any authorisations required by law to deliver the required functions or activities satisfactorily. The investment of assets or portfolio management, risk management or actuarial support, the provision of regular compliance advice can be considered to be critical or important operational activities (see Final Report on EIOPA Guidelines on Governance, explanatory text to GL 60, EIOPA-BoS-14/253, page 100). Proportionate to the responsibilities of the provider, a requirement may involve a professional license.
1313	14. Nov 17	Art. 261a (1) of the Delegated Regulation (EU) 2015/35	Can the qualification process be performed AFTER the investment was made?	The Delegated Regulation (Article 261a(1)) states, that prior to making a qualified investment, the undertaking shall conduct due diligence on the how the project satisfies the criteria. This implies that the qualification should be ascertained before the investment is made. During the monitoring of the investment it may occur that the investment no longer fulfils the criteria of a qualifying infrastructure investment. Existing investments may also satisfy the requirements on an ulterior basis. In that case, would need to conduct the assessment / validation required by Art 261a(1)(a) and establish the procedures required by Art. 261a(2)-(4) to assess whether the investment is (still) "qualifying" and apply the corresponding risk charge.
1329	14. Nov 17	Treatment of Contingent Capital Operation	Situation Insurer A enters a contract with Firm B (not necessarily an insurance or a regulated entity). The contract stipulates that, if any of the three events defined below occur at any time within the next 3 years, Firm B is committed to buying for €10 million new shares of Insurer A (conducting to a capital increase for Insurer A); the new shares are generally issued with a discount (e.g. 5%) on the average market price recorded on the trading days following the event. In such case, Firm B has to provide the cash to Insurer A within a predefined timeline (e.g. 10 days). Event 1: Firm A occurs a technical loss above a threshold (e.g. € 1m) for a specific event (e.g. NatCat)	Part 1: The described contract does not meet the requirements for a recognition as ancillary own funds as it is not callable on demand. Part 2: The instrument does not transfer risk and the application of such instrument in reduction of the SCR is not appropriate. This applies for both internal model and standard formula users.

1381	14. Nov 17	Article 199	Art. 199, 6.) and 7.) describes the cases where a 0.5% PD can be used, e.g. for a regulated (re)insurance in a third country with equivalent solvency regime or in country in the EU and for which an ECAI rating does not exist. For those cases we set the Solvency Ratio to 100%, which is equivalent to a PD of 0.5%. Is this still correct?	It is correct that exposures which meet the conditions in Article 199 Par. 6 or Par. 7 of Commission Delegated Regulation (EU) 2015/35 ("DR") respectively shall be assigned a probability of default equal to 0,5 %. It is not clear why it would be necessary for these exposures - as suggested by the question - to set the solvency ratio to 100 % (to use the table in Article 186(3) DR?) as Par. 6 or 7 provide the necessary information for performing the calculation set out in Article 199(1) DR.
1386	14. Nov 17	Article 117 (3)	Article 117 (3) mentions an adjustment for non proportional reinsurance. Is it possible to apply this adjustment even if no proportional reinsurance is in place?	Notwithstanding any potential consequences resulting from the own risk and solvency assessment and the supervisory review process, for the calculation set out in Article 117(3) DA the respective adjustment factor for non-proportional reinsurance set out in the second or third sentence should be used irrespective of the actual reinsurance.
1392	14. Nov 17	Question with regards to SCR for bonds and loans and Article 5 of the Delegated Acts	I am looking for a bit of clarity on the language in Article 5, Issuers and issue credit assessments. In point 2. it states that in the case where a bond is unrated but an "issuer rating" exists for that issuer or for a specific program which this bond is not a part of then one can follow a or b. It then in point 3. states that Credit assessments for issuers within a corporate group shall not be used. In the case where a rated parent in the same corporate group who fully guarantees a particular unrated issuance from a subsidary (which is pari passu to the parent's senior bonds), would this unrated bond be able to use the one of the guarantor? If not does this mean that even with a guarantee the bond would receive a spread risk charge for an unrated undertaking?	The described guarantee by the rated parent in the same corporate group should not be taken into account for the determination of the credit quality step in accordance with Article 5 of the Delegated Regulation. If the provisions set out in Article Par. 1 or the first part of Par. 2 are not met, the insurance or reinsurance undertaking should indeed consider that there is no credit assessment by a nominated ECAI available for the bond.
1438	28. Nov 17	Article 4 General Requirements on the use of credit assessments	Regarding Artice 4 Paragraph V 2nd sentence: "Where the own internal credit assessment generates a lower capital requirement than the one generated by the credit assessments available from nominated ECAIs, then the own internal credit assessment shall not be taken into account for the purposes of this Regulation." Does paragraph 5 only apply to insurance undertakings which calculate the SCR according to the standard formula or does it apply to insurance undertakings which use an approved internal model as well?	The context of article 4 of the Delegated Regulation indicates that article 4(5) only applies to the standard formula. Article 4 is in section 2 ("External credit assessments") of chapter 1, introduced by article 3, which sets the context referring to article 109a on the use of own credit assessments in the standard formula. In addition, article 4 paragraphs 1, 2 and 6 explicitly refer to the standard formula. The first sentence of article 4 (5) also applies to the standard formula by referring to the seven credit quality steps introduced in article 3. Furthermore, recital (4) defines the motivation for setting up the rules on own credit quality assessment: the recital clearly defines the motivation of a requirement as given by article 4(5) and only addresses the standard formula with the intention to avoid biased estimations of credit risk. Unlike the Standard Formula, internal models and thus credit modelling are subject to approval, and therefore the methods to calculate the Solvency Capital Requirement using own credit quality assessments are under supervisory control. The recital should be read in this context.
1271	29. Nov 17	Article 260, par 4 Calculation of EPIFP on the level of HRG and subsequent aggregation	Par 4 states: Loss-making policies may only be offset against profit-making policies within a homogeneous risk group. Therefore I am required to calculate EPIFP on the level of HRG. How I shoudl aggregate EPIFP to single number (as requred for example by QRT S.23.01) when for some HRG EPIFP > 0 while for the other EPIFP < 0. Should I disregard negative EPIFP and aggregate positive values only?	The calculation of EPIFP should be done on the level of HRG allowing for offsetting positive and negative profits at contract level within the HRG. The total EPIFP is then determined by summing up all the positive amounts that were derived on the level of the HRG only. Negative amounts at HRG level should be disregarded.
1369	13. Feb 18	Article 214(1) c) - material positive correlation	It follows from regulation 2015/35/EC article 176 and 214 (1) c) that a reduced stress factor is available for secured bonds (and loans) if there is "no material positive correlation" between the credit quality of the counterparty and the value of the collateral. Is the fact that a bond issuer only owns one asset (typically commercial real estate with tenants on long leases) and that asset serves as collateral to the benefit of bond holders, in itself sufficient to conclude that there is "material positive correlation" between the credit quality of the issuer and the value of the collateral? Or is it necessary to perform a concrete assessment of material correlation on a case by case basis, which include (but is not necessarily limited to) factors such as the terms of the lease contract, the duration of the lease, the duration of the bond, the creditworthiness of the tenant and other concrete factors?	It follows from regulation (EU) 2015/35 article 176 and 214 (1) (c) that a reduced stress factor is available for secured bonds (and loans) if there is "no material positive correlation" between the credit quality of the counterparty and the value of the collateral. If a bond issuer only owns one asset and that asset serves as collateral to the benefit of bond holders, it must be concluded that there is "material positive correlation" between the credit quality of the issuer and the value of the collateral. This holds also true for e.g. a bond issuer owning only one commercial real estate with tenants on long leases, as the credit quality of the bond issuer will depend on the same factors as the market value of the property, and these will include the factors mentioned by the questioner: location, market prices in the area, contract terms, lease duration, tenant credit quality etc.

1454	08. Mrz 18	Article 187(1) Covered bonds 1) Split to separate single name 2) Application of excess exposure threshold (CT)	1) Article 187(1) of Delegated Regulation 2015/35 states: Exposures in the form of covered bonds (CB) shall be considered as single name exposures, regardless of other exposures to the same counterparty as the issuer of the covered bonds, which constitute a distinct single name exposure. CB = defined in the Article 52(4) of Directive 2009/65/EC Does it mean that regardless of CQS all covered bonds in relation to one single name should constitute distinct single name regardless of other exposures to the same single name? Example: - consider 1 counterparty (single name) - exposures: bond A (CQS = 2) covered bond B (CQS = 0) covered bond C (CQS = unrated) Is the correct interpretation to consider following separate single names for the purposes of concentration risk evaluation?: SINGLE NAME 1.1 - bond A SINGLE NAME 1.2 - covered bond B, covered bond C 2) When the aforementioned interpretation is correct, how the excess exposure (CT) should be assigned? Article 187(1) of Delegated Regulation 2015/35 states: Exposures in the form of bonds as referred to Article 52(4) of Directive 2009/65/EC (covered bonds) shall be assigned a relative excess exposure threshold CTi of 15 %, provided that the corresponding exposures in the form of covered bonds have been assigned to credit quality step 0 or 1. Example (continued): SINGLE NAME 1.2 includes covered bond B (CT = 15%) and covered bond C (CT = 3%). How should I assess the excess exposure which should be subject to risk charge g?	1) Each covered bond issued by the same counterparty should be treated as a separate single name exposure. In the example provided one would therefore have (bond A and covered bonds B and C are issued by the same counterparty): SINGLE NAME EXPOSURE 1.1 - bond A SINGLE NAME EXPOSURE 1.2 - covered bond B SINGLE NAME EXPOSURE 1.3 - covered bond C 2) Based on the answer in 1) the calculations of the relative excess exposure is straightforward (for bond A based on Article 185 and for the covered bonds B and C based on Article 187(1) Delegated Regulation (EU) 2015/35).
1212	12. Mrz 18	Article 84, Article 168, Article 169	When the look through approach is possible on an Alternative Investment Fund: should the equity SCR for a Leverage Alternative Investment Fund be equal to (non Look Through Approach) MTM of Alternative Investment Fund x (49% + plus the symmetric adjustment), or should the SCR be equal to (Look Through Approach): MTM of Fund x Max (Leverage x (weighted sum of equity stress test of equities in the Alternative Investment Fund + symmetric adjustment), 100%)?	The answer is based on the following assumptions: 1. The alternative investment fund (AIF) holds a number of investments and has taken out debt at the level of the fund. There are no other assets or liabilities. 2. There is sufficient information available to apply the relevant sub-modules of the market risk module to the investments in the AIF and to the debt at the level of the fund. 3. No further look-through is necessary for the investments in the AIF and they belong to the type 2 equities. It has to be emphasised that there is no capital requirement for the AIF. Instead the AIF is included in the calculation of the capital requirement for a number of sub-modules of the market risk module. According to Article 84(1) a look-through has to be applied to the AIF. The investments have to be included in the calculation of the capital requirement for type 2 equities, market risk concentration and potentially currency risk. The debt has to be included in the calculation of the capital requirement for interest rate risk and potentially the currency risk.
1229	12. Mrz 18	Article 187 Paragraph 2	Should property investments for the own use of the insurance undertaking be included in the calculation of capital requirement for concentration risk?	Answer: Yes
1232	12. Mrz 18	Article 204, 3 (f)	Could you please help me with the explanation on how to treat non-life premiums earned for the 12 months prior to the last 12 monts in case of the business transfer? The situation was, that Baltic branch of Polish company was establishing as a separate company with the headquarter in Lithuania (belonging to the same Group as a Polish company). For this purpose, an empty company was established in Vilnius, Lithuania and portfolio was transferred to it from Polish company starting from 2016.01.01. According to the business transfer agreement, business is transferred on a going concern in a way of universal secession, meaning newly established company from the transfer moment is taking over all assets, obligations, risks related to the business, employees, contracts, premises, know-how, client database, IT systems etc.	The premiums referred to in Article 204(3) of the Delegated Regulation should be the premiums earned by the insurance or reinsurance undertaking for which the capital requirement for operational risk is calculated. These premiums may differ from the premiums earned on the portfolio of insurance and reinsurance contracts currently held by the undertaking, for example because of a past portfolio transfers. No adjustments to the premiums earned by the insurance or reinsurance undertaking for portfolio transfers should be made.

1254	12. Mrz 18	Article 116/3 and Article 116/4	We are referring to the formula V_prem,s=max(P_s; P_last,s)+FP_existing,s+FP_future,s and would like to clarify the recognition of an additional reinsurance treaty for the next 12 months: Example: P_last,s = 100 P_s = 110 Result of max(P_s; P_last,s) = 110 New Quota 50 % for the next 12 month (01.01. -31.12.) for derisking based on a decision of AMSB Our Question: Does the quota share lead to a) Result of max(P_s; P_last,s) = 100 or can Article 116/4 be applied, meaning that the volume measure for premium risk can be derived based on the following formula b) V_prem,s = P_s + FP_existing,s + FP_future,s = 55 + FP_existing,s + FP_future,s In other words: Does the quota share reduce the volume measure as by article 116/4?	The answer does not cover the question of what impact could a change in the reinsurance programme have on the values FP(existing,s) and FP(future,s). The answer is based on the following assumptions: 1. The reinsurance contract mentioned in the question meets the requirements in Articles 209, 210, 211 and 213 of Commission Delegated Regulation (EU) 2015/35. 2. The requirements in Article 116(4) Commission Delegated Regulation (EU) 2015/35 are met 3. The estimate Ps=55 of the premiums to be earned by the insurance or reinsurance undertaking in the segment s during the following 12 months is determined in accordance with Article 116(5) In this case, V(prem,s) can be indeed determined as 55+FP(existing,s)+FP(future,s) in accordance with Article 116(4)
1269	12. Mrz 18	Delegated Regulation 2015-35 CHAPTER V - Solvency capital requirement standard formula: Section 3 Section 3 3.Where the look-through approach cannot be applied to collective investment undertakings or investments packaged as funds, the Solvency Capital Requirement may be calculated on the basis of the target underlying asset allocation of the collective investment undertaking or fund, provided such a target allocation is available to the undertaking at the level of granularity necessary for calculating all relevant sub-modules and scenarios of the standard formula, and the underlying assets are managed strictly according to this target allocation. For the purposes of that calculation, data groupings may be used, provided they are applied in a prudent manner, and that they do not apply to more than 20 % of the total value of the assets of the insurance or reinsurance undertaking.	When calculating the SCR, for bond funds that are leveraged, are there any additional penalties for the SCR or does a 2 to 1 leverage simply mean there is twice the SCR?	In the following it is assumed that the look-through approach as set out in Article 84 (1) DA is possible. There is no "multiplication of the capital requirement for the unleveraged fund" as suggested by the question. All the assets and liabilities in the fund have to be included in the calculations of the relevant modules and sub-modules of the standard formula. In order to see that the effect of leverage is reflected in the capital requirement calculation consider a simple example: The only assets of the fund are bonds, the only liability is a loan with a bank and the insurer holds all units in the fund. The higher the leverage the more exceeds the value of the bonds which are "shocked" in the relevant sub-modules of the market risk module the value of the fund units.
1291	12. Mrz 18	capital charge timber investments	We run a timber fund, investing in forests (not leveraged). Our investors want to know whether timber can be treated the same way as real estate with a capital charge of 25%. Would this also apply to agricultural land?	Notwithstanding any potential consequences resulting from the own risk and solvency assessment and the supervisory review process, silvicultural properties and agricultural land should be covered in the property risk sub-module
1294	12. Mrz 18	SCR, SSA bonds	I work at Barclays and I am covering some insurers on the fixed income markets. I was wondering what would be the SCR Ratio for the agency issuer “European Atomic Energy Community” (EURAT) rated Aaa/AA/AAA? More generally speaking is there an exhaustive live of Solvency capital ratio for all SSA bonds for a french or Belgian insurer ?	First part Provided the conditions set out in the second part of Article 180(2) of the Delegated Regulation were met, an EURAT bond would be assigned a risk factor stressi of 0 % for the spread risk sub-module and a risk factor gi for market risk concentration of 0 % for the market risk concentrations sub-module. Otherwise the relevant provisions for bonds set out in Articles 176, 185 and 186 of the Delegated Regulation apply. Depending on the currency, in which the bond is denominated, it might also have to be included in the calculation of the capital requirement for currency risk. Second part There is no such list of capital charges for Sovereigns, Supranationals and Agencies bonds. Potentially relevant provisions can be found in the Articles 176, 180(2), 180(3), 185, 186 (1), 186(6), 187(3) and 187(4) of the Delegated Regulation

1371	12. Mrz 18	Market Concentration Risk and non-consolidated subsidiaries	According to article 182 et seq of the Delegated Acts, a Company "C" which owns (and / or lends money to) subsidiaries which are not consolidated in accordance with Article 335(1)(a) seems to be required to: i) Sum the fair value of all its exposures (equity, debt etc.) to non consolidated subsidiaries in order to quantify its overall exposure to "C"; let's call such overall exposure "e" ii) quantify the amount of "Assets" according to Article 184 ("a") iii) quantify the market exposure threshold percentage according to Article 185 ("t%") iv) quantify the market exposure threshold value ("t"="a"*"t%") v) determinate a capital charge percentage according to Article 186 ("p%"), depending on the Company's own Solvency Ratio vi) quantify the SCR Market Risk Concentration (with reference to "C"): SCR Market Risk Conc = ("e" - "t") * p%", which contributes to the Company's overall SCR. Is this procedure correct, or subsidiaries not consolidated in accordance with Article 335(1) should be excluded from the Market Risk Concentration?	The described procedure is not correct. In the following it is assumed that the insurance or reinsurance undertaking has exposures to several non-consolidated subsidiaries that are not excluded from the scope of the market risk concentration sub-module in accordance with Article 184(2) of Delegated Regulation (EU) 2015/35 and that constitute a single name exposures. As the single name exposure consists of exposures to different legal entities Article 186(2) is not applicable. The credit quality step for the individual exposure should be determined in accordance with Article 186(1) or Article 186(6) of Delegated Regulation (EU) 2015/35 as applicable. On this basis the further calculations described in Article 182(4), 185, 184 and Article 183 should be performed.
1372	12. Mrz 18	Market Concentration Risk - exposure to Insurance Holding Companies (Article 186)	According to article 186 of the Delegated Acts, i) if Company "C" is exposed to the Insurance Group "G_I", the Group's SOLVENCY RATIO of "G_I" is one of the inputs to be considered by "C" in order to determinate the Capital Charge for the concentration risk with reference to the exposure of "C" in "G_I". ii) if Company "C" is exposed to the Group "G_N" (being "G_N" different from an Insurance Group and from a Credit or Financial Institution), the CREDIT ASSESSMENT by a nominated ECAI of "G_N" in one of the inputs to be considered by "C" in order to determinate the Capital Charge for the concentration risk with reference to the exposure of "C" in "G_N"; if a credit assessment of "G_N" is not available, a capital charge percentage of 73% shall be used. The Delegated Acts don't set clear rules for investments in companies (or other entities) belonging to Groups held by an Ultimate Insurance Holding Company (i.e. a Company which in not an insurance company, but owns mainly Insurance Companies, and is subject to Solvency II rules). Therefore, my question is: if Company "C" is exposed to an Ultimate Insurance Holding Company, should "C" calculate the SCR Market Concentration Risk based on the Solvency Ratio of the Ultimate Insurance Holding Company?	No. The description in the first paragraph of the question is not accurate because: (i) the provisions in Article 186 (2) of Delegated Regulation (EU) 2015/35 do not apply where the single name exposure consists of exposures to different legal entities. (ii) the credit quality step of an exposure for the purpose of Article 182(4) should be determined in accordance with Article 5 of the Delegated Regulation (including Par. 3). For exposures to the insurance holding company described in the question as well as for other exposures included in the same single name exposure, the credit quality step should be determined in accordance with Article 186(1) or Article 186(6) of Delegated Regulation (EU) 2015/35 as applicable.
1413	12. Mrz 18	Calculation of Spread Risk for not rated exposures - Article 176 (4) & Article 180 (7) and (8)	Could you please explain how to calculate correctly the spread SCR for a not rated bond with duration = 1? If we understand the regulation correctly, it would mean that not rated credit institutions and insurance companies are assumed to be more risky thank corporates? (Despite the far tougher supervision of the financial institutions). If our understanding is correct, could you please explain the reasons for this?	Unless the bond is a qualifying investment in infrastructure or any of the provisions in Article 180 apply, the spread risk charge for a bond for which a credit assessment by a nominated ECAI is not available should be determined in accordance with Article 176(4) or (5) of Commission Delegated Regulation (EU) 2015/35 as applicable. In case Article 176(4) is applicable the risk factor stressi for a bond with a modified duration of one year is 3 %. For a bond to an insurance or reinsurance undertaking for which a credit assessment by a nominated ECAI is not available and where this undertaking meets its Minimum Capital Requirement, the risk factor shall be determined in accordance with Article 180(4). Depending on the solvency ratio the resulting risk factor can be higher or lower than those set out in Article 176(4). For a solvency ratio of 100 % and a modified duration of 1 the resulting risk factor is 2.5 % + 22/(122-95)*(4.5 %-2.5 %)=4.13 (rounded). The same risk charge for a modified duration of one year would apply if Article 180 (8) was applicable
1424	12. Mrz 18	Delegated Acts, Article 197(5)(b) CEIOPS' Advice for Level 2 Implementing Measures on Solvency II: SCR standard formula - Counterparty default risk module (December 2009)	Does section 3.102. of the December 2009 document still hold? More specifically, in the determination of the adjustment for market risk, should the interest rate risk and the concentration risk on the collateral be neglected?	No. According to Article 197(5) of Commission Delegated Regulation (EU) 2015/35 the hypothetical capital requirement for market risk has to be calculated. This includes as set out in Article 164(1)(e) and (f) the sub-modules for currency risk and market risk concentrations.
1221	13. Mrz 18	2015-035	I have two question about the SCR formula on market risk : Interest Rate Risk : In the formula I do not see a convexity factor. Can you explain me why you do not take account of this factor whcih is important ? Or Maybe there is an errata about this point?	1. The provisions for the calculation of the capital requirement for interest rate risk are set out in Articles 165 to 167 of the Delegated Regulation. According to them the capital requirement for the risk of an increase/decrease in the term structure of interest rates for a given currency shall be equal to the loss in the basic own funds that would result from an instantaneous increase/decrease in basic risk-free interest rates for that currency at different maturities. There is no reference in the Delegated Acts to a convexity factor for interest rate risk

1167	16. Mrz 18	Article 4 (6)	1. Article 4 para 5 refers to larger or more complex exposures of insurance undertaking" 2. The provision of Article 4 para 6 delivers for the purpose of para 5 precising what kind of securitisation positions are "larger or more complex exposures of an undertaking". namely: "type 2 securitisation positions as referred to in Article 177 par. 3 and resecuritisatin positions" 3. There is a doubt as to how one can interpret the words "shall include" in para 6. We see two options for possible interpretations of this phrase. Larger or more complex exposures of an undertaking shall include: a) Option 1: only type 2 securitisation positions as referred to in Article 177(3) and resecuritisation positions may be considered as "larger or more complex exposures of insurance undertaking" according to para. 5. b) Option 2: among others type 2 securitisation positions must be included in the securitisation positions as referred to in Article 177(3) and resecuritisation positions	We confirm that, in our view, "larger or more complex exposures of the insurance or reinsurance undertaking" referred to in Article 4(5) of Commission Delegated Regulation 2015/35 is not limited to the examples provided in Article 4(6) of this Regulation.
1177	16. Mrz 18	Article 189	I have heard that derivatives should appear in the counterparty risk module instead of market risk concentration module. However, Article 189 of the regulation would seem to indicate that this applies to derivatives that are “risk-mitigation contracts” but not credit derivatives. My query is on what should be done for derivatives which are part of collective investment undertaking look-through. Granted, most directly held derivatives of a smallish, standard model insurance company would likely be for hedging/risk mitigating purposes. However, a collective investment undertaking holds many derivatives as outright bets on the market as well as holding some for hedging purposes (eg FX forwards for currency risk). This distinction is made in AIFMD Annex IV regulation where FX trades are classified as being held for investment or for hedging purposes and derivatives involved in general hedging/netting arrangements can be identified. So should all indirectly held derivatives (other than credit derivatives) appear in the counterparty module or only those that can be deemed as being “risk mitigating”? And what if the distinction between hedging/investment is not available (as it sometimes isn’t in practice for Annex IV)?	The following is based on the assumption that a look-through for the collective investment undertaking is possible. All derivatives have to be covered in the counterparty default risk module irrespective of whether they meet the criteria in Article 208 to 215 of the Delegated Regulation or not. Please be mindful of paragraph 996 to 998 in https://eiopa.europa.eu/Publications/Consultations/EIOPA-CP-17-006_Consultation_Paper_on_Second_set_of_Advice_on_SII_DR_Review.pdf
1180	16. Mrz 18	Article 199 (1) Probability of default Calculation of PD on the level of group of counterparties	I have a question on calculation of PD on the level of group of (dependent) counterparties (commonly refered to as "single name exposure"). Does paragraph 1 means that I need to assign each exposure a PD (based on the CQS of that exposures) and then agregate it (using weighted averge) to the level of counterparty and then to the level of group of (dependent) counterparties? Or does it mean that I need to assign PD to counterparty (based on CQS of that counterparty) and then aggregate PD using weigted average? Let's consider that counterparty is rated (i.e. CQS was assigned to it) therefore paragraph 2 should be used. The question is how exactly?	Pursuant to Article 199(1) , the probability of default on a single name exposure is equal to the average of the probability of default of each individual exposure belonging to a single name exposure; this requires that a probability of default is assigned to each individual exposure. Where an individual exposure has not been assigned a credit assessment by a nominated ECAI, the counterparty's credit assessment may be used where the conditions laid down in Article 5 are met. An aggregation on the level of the counterparty is not foreseen.
1137	20. Mrz 18	Article 211 Commission Delegated Regulation (EU) 2015/35, Risk-Mitigation techniques using reinsurance contracts or special purpose vehicles	We have seen that the English version and the German version are not the same (the German version misses a "not" which changes the meaning of Article 211 (2) lit. c fundamentally). Which version counts and where (is the German one binding in Germany and the English one in UK)?	Commission Delegated Regulation (EU) 2016/2283 correcting Commission Delegated Regulation (EU) 2015/35 corrected Article 211(2)(c) of the German language version of the Solvency II Delegated Act. Article 211(2)(c) now reads as follows in German: "c) ein Versicherungs- oder Rückversicherungsunternehmen in einem Drittland, das sich nicht in einem Drittland befindet, dessen Solvabilitätssystem als dem in der Richtlinie 2009/138/EG gemäß Artikel 172 der Richtlinie 2009/138/EG niedergelegten System gleichwertig oder vorläufig gleichwertig angesehen wird, mit einer Bonität, die der Bonitätseinstufung 3 oder besser gemäß Abschnitt 1 Kapitel II dieses Titels entspricht." This correcting act is available here: http://eur-lex.europa.eu/legal-content/DE/TXT/?uri=CELEX:32016R2283

1138	20. Mrz 18	Article 179	In calculating the capital requirement for spread risk (SCRcd) for a Credit Linked Note, which is the correct approach please? 1) sum of (i) SCRbond for the issuer of the Credit Linked Note and (ii) SCRcd for the embedded Credit Default Swap 2) the higher of (i) SCRbond for the issuer of the Credit Linked Note and (ii) SCRcd for the embedded Credit Default Swap	As credit linked notes can have widely different features the treatment no general answer is possible and the treatment has to be determined on a case by case basis. The question whether an (implicit) short position in a credit derivative would be in line with the requirements of Article 132 Solvency II (in particular with paragraph 4) is not discussed in the following. In case 1. Article 84(2) DA was applicable; and 2. the Credit Linked Note could be represented as a simple combination of a long position in a corporate bond and a short position in a Credit Default Swap (this would for example not be the case if there was no bankruptcy remoteness from the issuer) the corporate bond would have to be included in the calculation of the capital requirement for spread risk in accordance with Article 176 DA and the short position in the Credit Default Swap in accordance with Article 179 DA. The treatment foreseen in the suggested Alternative 2 is not foreseen in the DA.
1158	20. Mrz 18	Article 4 General requirements on the use of credit assessments	I would like to kindly ask you for a confirmation of my understanding of Article 4, paragraph 4, letter (f). I will show it on a short example: - company nominated three ECAIs to be used for the calculation of the SCR according to the standard formula - let's consider a situation when we need to decide on a rating of a bank ABC to be used in the SCR calculation - ABC has following ratings (each ECAI produces : ECAI1: AAA (CQS = 0) ECAI2: AA (CQS = 1) ECAI3: A (CQS = 2) - it applies that larger the CQS, larger SCR it produces - According to paragraph 4 of aforementioned Article I will now pick rating AAA and AA as these are two assessments generating the two lowest capital requirements. - However, AAA produces lower SCR than AA and therefore my final pick of rating is AA (because "assessment generating the higher capital requirement of those two credit assessments shall be used") - Final conlcusion: Rating of bank ABC used to determine SCR is "AA".	The following is based on the assumption that the relevant provisions in Title I Chapter I Section 2 of the DA are met. When using credit assessments in accordance with Article 4 DA, where two credit assessments are available from nominated ECAIs for an item and they correspond to CQS 1 and CQS 2 respectively, the insurance and reinsurance undertaking shall use CQS 2 for the calculation of the capital requirement.
1162	20. Mrz 18	Article 169 paragraph 3	We are an Alternative Investment Fund Managers managing a closed-end reserved alternative investment fund (the Fund) which invests exclusively in plants for the production of electricity with photovoltaic technology. The Fund invests only in plants which are already in operation and connected to the electricity distribution network, with an operating history of 3 to 5 years. The Fund has financed its investments in part with equity and in part with debt, in accordance with the Fund's bylaws and the relevant legislation. Assuming that an insurance company, which invests in units of the Fund, after following the procedure provided for in Article 261a of the Delegated Regulation (EU) 2015/35 (the Delegated Regulation), determines that the Fund as "infrastructure project entity" satisfies all the criteria set in Article 164a of the Delegated Regulation, and therefore classifies the investment as a "qualifying infrastructure equity investment": We kindly ask confirmation that the capital requirement (equal to 30 % plus 77 % of the symmetric adjustment as indicated at Article 169 paragraph 3 of the Delegated Regulation) is applied directly to the Net Asset Value of the investment in the Fund's units.	The answer is based on the following assumptions: 1. The fund holds solely and directly infrastructure assets as defined in Article 1 (55a) DA (no holdings of debt or equity stakes in other legal entities that hold infrastructure assets). 2. The investment in the fund units does not meet the criteria for strategic equity investments set out in Article 171 DA 3. The NAV equals the value of the units determined in accordance with Article 75 Solvency II. Provided that the units in the fund are qualifying infrastructure equities as defined in Article 168 (3a) DA, then the "equity shock" set out in Article 169 (3b) DA (i.e. to 30 % plus 77 % of the symmetric adjustment) has to be applied to the NAV.
1186	20. Mrz 18	Article 188 of Solvency II delegated acts and Article 105 (5)(e) of the directive.	Article 188 of the delegated acts require an entity to calculate currency risk by applying 25% up or down shock to the foreign currency that would result in loss in basic own funds. The market risk module shall reflect the risk arising from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the undertaking. It shall properly reflect the structural mismatch between assets and liabilities, in particular with respect to the duration thereof. It shall be calculated, in accordance with point (4) of Annex IV, as a combination of the capital requirements for at least the following sub-modules:	The following covers only the treatment of a currency forward contract ("forward") in the currency risk sub-module. The treatment in any other sub-modules of the market risk module or other modules of the standard formula is not considered. The following assumptions are made: 1. The forward has as reference currencies a. the local currency and b. currency X 2. The forward meets the requirements set out in Article 208 to 215 of the Delegated Regulation. 3. The value of the forward increases in case of a decrease in value of currency X against

1452	20. Mrz 18	Article 84 The Look Through Approach specifically 84.2 a-c	Additional guideline requested for the appication of the Look Through approach - First If you are an insurance company and owns e.g. 10% in another insurance company, should you then apply the look-through approach ? - Secondly if in the same situation the 10% share that you own concerns a listed company, would that change the situation in some way ?	There can be no general answer and one has to look at the question case by case. If the provisions of Article 84(4) of the Delegated Regulation apply, the question does not arise. For an equity investment in a "typical" insurance undertaking the look-through approach does not have not to be applied. This does not depend on whether the equities are listed or not.
1053	10. Apr 18	Art. 165, par. 2	My doudbt is about art. 165, par. 2, of the Delegated Regulation 2015/35: if my understanding is correct, according to this provision, when the SCR and the nSCR for interest rate risk are not based on the same scenario, the first one shall be calculated based on the scenario that is relevant for the second one. Now assume that: - SCR int up = 2.000, SCR int down = 1.000 - nSCR int up = 500, nSCR int down = 600 - FDB = 750 - all the other risk (sub)modules are null According to the above provision, the SCR would be: BSCR – min(BSCR – nBSCR; FDB) = 1.000 – (1.000 – 600) = 600 Now assume that the upward interest rate shock occurs in reality -> the impact could not be 2.000 – (2.000 – 500) = 2.000 – 1.500 = 500, since 1.500 is higher than 750 (the loss-absorbing capacity of technical provision cannot exceed the value of FDB). We would actually suffer a loss of 2.000 – 750 = 1.250, which is greater than the estimated SCR. My opinion is that the provision under art. 165, par. 2 is valid until the FDB are enough to cover the difference between the gross and the net requirement. Where this condition is not met, the above provision leads to an underestimation of the SCR.	The calculation of the adjustment for the loss-absorbing capacity of technical provisions is set out in Article 206(1) DA. The calculation suggested in the last part of the question is not in line with this provision. It seems nevertheless worth to mention the following: According to Article 45(1)(c) Solvency II the undertaking needs to demonstrate in its ORSA the significance with which the risk profile of the undertaking deviates from the assumptions underlying the Solvency Capital Requirement. In addition and according to Article 45(1)(a) Solvency II the undertaking is required to take into account the undertaking's specific risk profile when assessing its overall solvency needs. The ORSA assessment of the overall solvency needs is therefore not subject to how risks are estimated by the standard formula.
1519	12. Apr 18	Concontration and interest risk in Standard Formula-SCR	For Concentration risk ScR,when i calculate the amount of each counterparty, Do I have to consider 'Market Value (of assets) + Accrued Interest' or just 'market Value' (without Accrued Interest)? So basically, do I have to stress 'accrued interest' under concentration risk? What about interest rate risk? For government Bond, I consider the 'market price' and calculate the shocked price under UP and Down scenarios. Finally, the stressed Market value is (stressed price/ base price)* market value + Accrued Interest So,Should I stress accrued interest under Interest rate risk?	The accrued interest is part of the valuation in accordance with Article 75 of the Solvency II Directive and has consequently to be included in the calculation of the capital requirement for market risk concentration and interest rate risk.
1506	17. Apr 18	Art.187	We have a doubt related to the treatment of covered bonds in the concentration risk module. (art.187 Delegated Acts 2015/35). The article fixes a threshold of 15% to these exposures provided that they have a credit quality step 0 or 1. In this case the covered bonds should be considered as a distinct single name exposure, regardless of other exposures to the same counterparty. What is the treatment for covered bonds that have a different credit rating? Should they be treated as a standard exposure? In that case, they should be aggregated with the rest of exposures to the same counterparty, having a common threshold that will depend on the weighted average rating. The article 187 establish that "Exposures in the form of covered bonds shall be considered as single name exposures, regardless of other exposures to the same counterparty as the issuer of the covered bonds, which constitute a distinct single name exposure.", and it doesn't specify if this is only applicable to covered bonds with rating 0 and 1. Is it also applicable to covered bonds with different credit ratings?	The provisions in Article 187(1) second sentence of the Delegated Regulation apply to exposures in the form of covered bonds irrespective of the assigned credit quality step (i.e. they are to be treated as separate single name exposures). The risk factor and the relative excess exposure thresholds are to be determined in accordance with Article 186(1) and Article 185 respectively using the credit quality step assigned to the covered bond in accordance with Title I Chapter I Section 2 of the Delegated Regulation as the weighted average credit quality step.
1347	23. Apr 18	Article 251 TP(life,4) Zero floor on technical provisions	Article 251 states: TP(life,4) denotes the technical provisions without a risk margin for all other life insurance and reinsurance obligations, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero; Imagine following situation: Net BEL + net TP as a whole on LoB 32 = - 383 565 CZK Net BEL + net TP as a whole on LoB 34 = 313 542 CZK Both LoB 32 and LoB 34 belong to the TP(life,4) as definec in Article 251, par. 1, letter d). What is the correct interpretation of "with a floor equal to zero". Should it be applied to LoB all to TP(life,4)? In other words, in case of the aforementioned example is correct a or b: a) TP(life,4) = 313 542 CZK b) TP(life,4) = 0 CZK (as -383 565 + 313 542 <0).	In case the insurer has technical provisions as defined in Article 251(1)(d) of Commission Delegated Regulation (EU) 2015/35 from different business lines the floor is to be applied to the total and not per business line.

1408	23. Apr 18	Article 192 paragraph 2, 3, 4 20130125 EIOPA Helper Tab - Counterparty Default Risk	In Article 192, the wording indicates that the LGD is calculated at contract level. Therefore, for a single counterparty, the floor by zero is applied for each related contract, and a gain following the default can not compensate a loss. However, in helpertab, the floor at zero is applied per counterparty. Which one of the interpretations is the right one?	The floor in Article 192(3) of Commission Delegated Regulation (EU) 2015/35 has to be applied per derivative contract. In case of contractual netting agreements insurers can consider the collected collateral by dividing the collected collateral between the contracts. Please be aware of the proposals that EIOPA made on the calculation of the risk-mitigating effect and the loss-given-default on derivatives – See paragraphs 1450 to 1457 in EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation (https://eiopa.europa.eu/Publications/Consultations/EIOPA-18-075-EIOPA_Second_set_of_Advice_on_SII_DR_Review.pdf)
1288	24. Apr 18	Article 116	Is the concept of contract boundaries relevant to determine the scope of premiums to be accounted for in Ps, FP_existing and FP_future	The premium risk covers both risks of existing insurance and reinsurance business and risks of new business expected to be written over the next 12 months. As regards the existing business, the volume measure should be determined consistently with the assumptions applied to derive the best estimate, including assumptions on the contract boundaries. As regards new business, the volume measures does only capture premiums beyond the contract boundary of existing contracts which are not taken into account in the best estimate. For the component Ps of the volume measure the contract boundaries are not relevant as all premiums earned during the following 12 month are included, irrespective whether they stem from existing or new contracts. The component FP(existing,s) should take into account the expected future premiums earned after the following 12 months with regard to insurance and reinsurance obligations that are within the contract boundaries of the existing contracts. The component FP(future,s) relates only to expected future premiums that belong to insurance and reinsurance obligations beyond the contract boundary of existing contracts.
1380	24. Apr 18	Article 116	For one-year renewable contracts, could you clarify what is the scope of premiums to be accounted for in Ps, FP_existing and FP_future, in particular where the date of recognition of the contract does not coincide with the date of inception and where the contract includes an automatic renewal provision. According to that provision contracts are renewed provided that: • the insurance undertaking does not terminate it, • the policyholder does not terminate it, and • the insurance undertakings provides an advance notification to the policyholders of the new obligations associated to the contract.	Let us assume the volume measure needs to be determined for the reference date of 31 December of year N with regard to a one-year renewable contract. Let the date of recognition of the contract be 1 December of year N and the date of inception 1 February of year N+1. The obligations of the possible renewals with inception dates 1 February of the years N+2, N+3 etc. are assumed to be beyond the contract boundary of the existing contract. The contract includes an automatic renewal provision as described in the question and the advance notification is provided on 1 December of each year. 1/ The term Ps should include the premiums to be earned during the 12 months after the reference date. For the example contract that are the first 11 months of premiums for the period from 1 February N+1 to 31 December N+1. 2/ The term FP_existing should include the premiums to be earned after the following 12 months for existing contracts. For the example contract that is the last month of premiums for the period from 1 to 31 January N+2. 3/ The term FP_future should include the premiums to be earned for contracts where the initial recognition date falls in the following 12 months but excluding the premiums to be earned during the 12 months after the initial recognition date. In the case of the example contract, the date of advance notification to the policyholders (i.e. 1 December N+1) is the initial recognition date for the obligations of the renewal of the contract. That renewal date is within the following 12 months. Therefore FP_future includes the premiums that relate to the renewal and are earned after the 12 months after the initial recognition date. That are the premiums of the two months from 1 December N+2 to 31 January N+3. Where the renewal is not certain the premiums need to be weighted with the probability of renewal.

1498	24. Apr 18	EIOPA-BoS-15/035 20 December 2017 10.C.4.287	With regards to the operational solution for the Danish market of covered bonds based on the Nykredit Realkreditindeks. Could you please confirm the duration you are applying in the VA calculation. The aforementioned document specifies that the maturity used for YdkkRFR shall correspond to the duration of the index (7 years) a figure which has been static in historical publications of the Technical Documentation. Furthermore according to Bloomberg ticker NYKDURA the duration of the index is 4.81 as of 2.1.2018 and has been in a range between 1 and 7 years since 2000. Also, I have noticed that the Speficics RFR for this index which you currently report as 1.08% has been unchanged in every reporting period since the figures were first published in Dec 2015. As a result of the above two points, when using the index's reported duration for calculating the Index's spread to DKK RFR historically gives a LTAS which is significantly different to the 1.08% reported by EIOPA.	We can confirm that with regard to the yields of the Nykredit index the volatility adjustment for the Danish krone is calculated with a duration of 7 years. Your observation about the published long-term average spread for the Nykredit index is correct; the published value was not updated in the past and remained fixed 1.08%. This was changed in the meantime. For example, the long-term average spread that was published today is at 1.14%. Please note that we are currently reviewing the calculation of the volatility adjustment for the Danish krone (see https://eiopa.europa.eu/Pages/News/Application-of-the-updated-representative-portfolios-in-2018.aspx). The review will also reconsider the durations used in the calculation.
1541	25. Apr 18	Not known	as a privately owned Asset Manager with a long-term view and mainly conservative institutional clients we intend to launch a new Infrastructure Equity fund. The Fund would be invested mainly in regulated or “defensive” infrastructure companies as our aim is to give investors the possibility to participate in infrastructure investments with solid and more stable cash flows, solid yield and less cyclicality. For this reason we would not engage in cyclical parts of infrastructure such as mining, oil, cement etc. As non-listed infrastructure investments are mainly in the focus of bigger players with stronger organisational capacity and broader structures and personnel capabilities, we would like to offer all other insurance companies the possibility to invest in infrastructure with a lower Solvency II equity capital underlying need. As such we would ask you to outline or define a) Whether a listed equity infrastructure fund as described would be eligible for same Solvency II capital adequacy rules as “non-listed” infrastructure investment (which by the way trades at much higher multiples as listed infrastructure equities and is illiquid) b) Which level of Solvency II capital ratio would be applicable for a listed equity fund with infrastructure equities (mainly regulated) c) Do we have to outline special definitions or criteria in a prospectus d) Would this be applicable also to a mutual fund for institutional investors e) Could we set up infrastructure equity funds for insurance clients also as single “special” funds with the same regulatory framework of lower SolvencyII requirements We appreciate your help regarding our aim to set up a defensive infrastructure equities fund (mainly regulated industries : transport, highways, mobile network infrastructure, energy grids). As such it would be very helpful to get advice on the questions above.	The following is based on the understanding that the fund invests in infrastructure entities which are listed but that the fund itself is not listed. 1.As not sufficient details are available it is not possible to answer the question whether the described fund could quality or not. Neither the provisions in Commission Delegated Regulation (EU) 2016/467 nor in Commission Delegated Regulation (EU) 2017/1542 differentiate between listed and non-listed equities. In other words, also listed equities can qualify for the respective treatment. 2.For the fund a look-through as set out in Article 84 of Commission Delegated Regulation (EU) 2015/35 would have to be applied. The equity risk charges for qualifying infrastructure equity investments are set out in Article 169 Paragraph 3 and 4 of Commission Delegated Regulation (EU) 2015/35. 3.The legal provisions for the content of a prospectus are outside the remit of EIOPA. But an insurer investing in the fund would of course have to comply with all Solvency II requirements (e.g. the prudent person principle). In order to benefit from the different treatment in terms of the capital requirements an insurer would have to be able to demonstrate that the requirements set out in the legal texts mentioned under point a. would have to be met. 4.Not clear about the question. 5.Without further information on the "special" fund an answer is not possible. For collective investment undertakings and other investments packaged as funds a look-through in accordance with Article 84 of Commission Delegated Regulation (EU) 2015/35 has to be applied. The question whether the provisions in Article 169 Par 3 or 4 of Commission Delegated Regulation (EU) 2015/35 are applicable does not depend on whether the fund is open to the general public or not.
1327	30. Apr 18	Offsetting Assets and Liabilities	In a situation where an insurer has an asset that perfectly hedges a liability, is it acceptable to exclude both the said liability and hedging asset from the SCR calculation? Our thoughts relate to the situation when counterparty for the liability/asset is the same, and whether in this case would it be appropriate to net these two off before calculating the SCR ? For example, if a captive has an asset in the form of a loan back to a parent company, but the captive has outstanding claims which are owed to the parent and to the parent only (for example, property damage claims), could we net the two off? A worked example would be: Asset: $100 million in loan back to parent Liability: $50 million owed in property damage claims to the parent Net Asset: $50 million in loan back to the parent	In the case described the $50 million owed in property damage claims to the parent should not be netted with the $100 million loan to the parent for the purpose of the calculation of the SCR. According to Guideline 4 "Interest rate risk sub-module" in the EIOPA Guidelines on market and counterparty risk "Undertakings should include all interest rate sensitive assets and liabilities in the calculation of the capital requirement for the interest rate risk sub-module".

1482	14. Mai 18	Article 123(7) Article 124(7) Coefficient to increase sum insured on LoB5	What is the rationale behind the coefficient (1.5 for flood, 5 for hail) used to increse sum insured on LoB5? Flood: SI(motor,r,t) is multiplied by coefficient 1.5; Hail: SI(motor,r,t) is multiplied by coefficient 5;	The Standard Formula methodology for the Flood and Hail scenarios (Art. 123 and 124 of the Delegated Regulation, respectively) uses the sum insured as input to the estimation of expected losses for a 1-in-200y event. The factors applied to motor sum insured for a given risk zone do not render an assumption of the losses being larger than the sum insured. The reason for the introduction of these factors is that the damage ratio for a given flood or hail event is on average higher for motor than for property: The economic loss from flood or hail events is likely to be higher for a car than for a house. For the former the repair costs may easily be higher than the repurchase costs (e.g. due to water ingress or severe hail hits). The structure of the Standard formula is such that a single country factor is provided per scenario. For flood and hail, the country factor provided is basically a property-related country factor. In order to avoid an additional, different country factor per flood/hail scenario for motor, but in order to nevertheless account for the differences in damage ratios at the 1-in-200y level when including motor LoB, it was decided to introduce the factor at the zonal level sum insured instead.
1500	14. Mai 18	Article 192 Loss-given-default Topic: Evaluation of LGD for reinsurance receivables	How LGD on REINSURANCE RECEIVABLES is calculated? Does paragraph 6 of Article 192 apply?	The approach suggested in the answer is correct (i.e. the loss-given-default for reinsurance receivables should be equal to its value in accordance with Article 75 of Directive 2009/138/EC
1537	14. Mai 18	In pg. 29 of this discussion paper on the review of specific items in the Solvency ii delegated regulation (https://eiopa.europa.eu/Publications/Consultations/EIOPA-CP-16-008_Discussion_Paper_on_SII_DR_SCR_Review.pdf) it is stated "In order to assess if the calibration is appropriate, EIOPA is considering whether it is appropriate to take into account within the current legal framework a third windstorm event to reflect clustering risks. Indeed, recent climate events and developments in the modelling of such events may indicate that this effect is material."	- Is it currently a requirement under Solvency ii legislation that windstorm clustering must be taken into account when estimating exposure to aggregate European wind risk through European windstorm catastrophe models? - If so, from what date did it become a requirement? And where is this published? - If so, what was the rationale behind the requirement that windstorm clustering must be taken into account? - Was the work of Professor David Stephenson (University of Exeter) into catastrophe modelling of storm clustering an influencing factor on the inclusion of this requirement within the regulatory framework? - If not, are there plans to include it as a requirement? And when will this occur?	Article 121 of the Commission Delegated Regulation 2015/35 defines how capital requirements for windstorm risk should be calculated. Two scenarios are defined: the first with two moderate events; the second with one large and plus a second smaller event. There is no explicit requirement that windstorm clustering should be taken into account, although if it is a relevant and material risk, insurers and reinsurers would be expected to reflect it in their ORSA. These two scenarios were defined by the CAT Task Force, composed of representatives of different background including modellers, reinsurers, brokers and supervisors. The CAT Task Force reflected the information, models and academic literature available at that time (2009-2010). However, to the best of our knowledge, there was no reference to the work of Professor David Stephenson in particular. The document you are referring to is a consultation paper that was published in the context of the review of the capital requirements for (re)insurers. After considering stakeholders' feedback, it was decided not to further investigate windstorm clustering for the standard formula at this stage.
1550	14. Mai 18	Articles 184.2 and 187.3. "Assets" calculation base for market risk concentration	Do bonds from EU member states have to be included in the "Assets" calculation base for market risk concentration despite them carrying a concentration risk of 0?	Bonds referred to in Article 187(3)(b) of Commission Delegated Regulation (EU) 2015/35 should be included in the calculation of Assets referred to in Article 184(2)
1549	25. Mai 18	Article 189 - Counterparty default risk	How should a receivable from the tax authority of an EU member state be treated in the Counterparty default risk module?	Receivables from the tax authority of an EU Member State should be included in the calculation of the capital requirement for counterparty default risk on type 2 exposures.

1568	25. Mai 18	Article 169	How is capital requirement for type 1 equities calculated for long-short equity portfolios where short positions are not taken for the purpose of risk mitigation? For instance, for a portfolio comrised of a EUR 100 long position in Stock A and EUR 100 position in Stock B, is capital charge (for a 0 symmetric adjustment) based on: > gross value of individual positions, i.e. 39% * (100+100) > net value of individual positions, i.e. 39% * (100-100) > value of long positions only, i.e. 39% * 100	The following is based on the assumption that the insurer holds no other positions that have to be covered in the Equity risk sub-module and that the equities are listed on a regulated markets in the countries which are members of the European Economic Area (EEA) or the Organisation for Economic Cooperation and Development (OECD). Furthermore it is assumed that the symmetric adjustment equals zero and that the value of the positions in A (long) and B (short) in accordance with Article 75 of Solvency II is 100 and -100 respectively. The following does not imply any statement whether a "naked" short position would be in line with the requirements on the use of derivatives set out in Article 132 ('Prudent person principle') of Solvency II. The second option for the calculation of the capital requirement for equity risk (i.e. 39% * (100-100)) would only be possible if the requirements set out in Articles 208 to 215 of Commission Delegated Regulation 2015/35 were met. One reason why this might not be the case in the described case could be material basis risk as different stocks are held long and short. If the conditions mentioned in the previous paragraph are not met, the calculation of the capital requirement should be performed as outlined in the third option (i.e. 39% * 100). Irrespective of compliance or non-compliance with Article 132 of Solvency II it seems important to point out that a material "naked" short position would have to be taken into account when assessing whether the calculation of the SCR with the standard formula is appropriate.
1382	29. Mai 18	Subsection 2, Look-through approach, Article 84 (3)	Subsection 2, Look-through approach, Article 84 (3) In relation to the above topic, can you please explain clearly the meaning of 'on the basis of the target underlying asset allocation of the collective investment.......and that they do not apply to more than 20% of the total value of the assets of the insurance or reinsurance undertaking'?	Q1: The statement in the question is not absolutely clear. Consider for illustration the following highly stylised example: An insurer invests in a corporate bond fund and wants to include the fund in the calculation of the capital requirement for spread risk. For simplicity it is assumed that all bonds in the fund have modified durations of 5. If the look-through can be applied then the insurer has for each bond its value and credit quality step (and of course the modified duration – see above). Next case is that the look-through cannot be applied but the fund has the following target allocation (figures provide the share in overall value of the fund): CQS Percentage 2 20 % 3 40 % 4 40 % Based on the overall value of the bonds in the fund it is possible to calculate the spread risk charge. As a last case consider that the fund has a target allocation of 60 % to investment grade bonds (corresponding to CQS 0 to 3) and 40 % to non-investment grade (CQS 4 and higher). A prudent grouping can be performed by assigning 60 % to CQS 3 and 40 % to CQS 6. Q2: When calculating the 20 % the denominator is equal to the total value of the assets of the insurance or reinsurance undertaking. The numerator is the sum of the value of the investments for which data groupings are used. Q3: Article 84(3) of the Delegated Regulation requires that the underlying assets are managed strictly according to the target allocation. The insurer has to check whether this requirement is met. Possibly relevant documents in this respect include prospectuses, offering documents and statutes as well as information on the actual holdings of the fund (e.g. from the annual reporting).
1491	05. Jun 18	Article 134(4)	§134(4) states that for recession risk the basis for calculation is "the premiums earned by the insurance or reinsurance undertaking....". Usually, it is clearly indicated whether premiums are gross premiums (before deduction of ceded premiums) or net premums (after such deduction). Could you please clarify which premiums should be taken into account?	In Article 134 (4) of Commission Delegated Regulation (EU) 2015/35, the wording "…without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles" refers to the subsequent "100% of the premiums earned by the insurance or reinsurance undertaking …" and not to the preceding "instantaneous loss". Therefore the reference in this provision is to gross premiums.

1573	18. Jun 18	Market and counterparty risk modules	Could you please confirm if the market and counterparty risk are mutually exclusive? For example a cash account in GBP for a company reporting in euros , should be considered in the counterparty risk module as a type I exposure for its countervalue in euros and additionally in the currency risk module?	Yes, the counterparty default risk and the spread risk sub-module are mutually exclusive. With respect to the example of a cash account in GBP: ◦A cash account in GBP that falls under Article 189(2)(b) of Commission Delegated Regulation (EU) 2015/35 should be included in the calculation of the capital requirement for counterparty default risk on type 1 exposures. ◦Given that interest rate risk of a cash account is negligible it should not be included in the calculation of the capital requirements for interest rate risk. ◦If the local currency as defined in Article 188(1) is not the GBP, then it should be included in the calculation of the capital requirement for currency risk.
930	19. Jun 18	Article 192, paragraph 3	The Article 192, paragraph 3, indicates the LGD formula to be applied per derivative. Let's assume that the undertaking has three contracts (=positions) with the same counterparty. Two positions share the same derivative (= same issue or same security or same ISIN code) and the third one on another ISIN code. Shall we apply the LGD formula (floor, RM effect calculation, etc...) for each contract (ie 3 times) or for each issue (ie 2 times)?	The floor in Article 192(3) of Commission Delegated Regulation (EU) 2015/35 has to be applied per derivative contract. In case of contractual netting agreements insurers can consider the collected collateral by dividing the collected collateral between the contracts. Please be aware of the proposals that EIOPA made on the calculation of the risk-mitigating effect and the loss-given-default on derivatives – See paragraphs 1450 to 1457 in EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation (https://eiopa.europa.eu/Publications/Consultations/EIOPA-18-075-EIOPA_Second_set_of_Advice_on_SII_DR_Review.pdf
1002	21. Jun 18	Reinsurance receivables Article 189 of Delegated Regulation	Would you be so kind and provide me with advice on the following: Are REINSURANCE RECEIVABLES type 1 or type 2 exposures for the purposes of the calculation of capital requirement for counterparty default risk? My understanding is that reinsurance receivables are Type 1 and LGD is calculated according to Art 192 paragraph 2 (same as reinsurance recoverables).	Reinsurance receivables related to risk-mitigation contracts such as reinsurance arrangements should be included in the calculation of the capital requirement for counterparty default risk on type 1 exposures
1061	21. Jun 18	Article 182 Paragraph 4	I have a simple and quick question. It is more a "language issue". Par 4, Article 182 suggest calculating weighted average CQS as a "rounded-up average". I was wondering what does "rounded-up" means. I will show my understanding on example: roundup of 3.2 = 4 roundup of 3.7 = 4 roundup of 3 = 3 roundup of 3.01 = 4 Is it like this? I imagine this may seem like very silly question - sorry about that - but the translations to other languages are not very clear and they use simply wording "rounded average".	Value Rounded-up value 3.2 4 3.7 4 3.0 3 3.01 4
1571	26. Jun 18	Look-through on a Life Settlements Fund	We are about to invest in a mutual fund which invest on life insurance policies. This fund make its yield from buying policies from third parties in the US at a discount and they get the right from the policy holder to recieve the payment in the future.	The question does not provide enough information to provide a conclusive answer. The treatment for this type of product has to be decided on a case by case basis. Relevant aspects to consider in this decision include but are not necessarily limited to: · What is the exposure to biometrical risks? · Has the look-through approach to be applied to the investment? · What is the degree of certainty regarding level and timing of payments? A possible result of the assessment could be that the investment has to be included in the calculation of the capital requirement for type 2 equities which include · Alternative investments. · All assets other not covered in the interest rate risk, property risk or spread risk sub-module · Assets and indirect exposures referred to in Article 84(1) and (2) of Commission Delegated Regulation (EU) 2015/35 where a look-through approach is not possible and the insurance or reinsurance undertaking does not make use of the provisions in Article 84(3)
1377	01. Jul 18	SECTION 6 Counterparty default risk module	As per regulation 'Type 1 exposures shall consist of exposures' 1) Cash at bank and in hand. Meaning all items with CIC CODE 71? 2) Deposits with ceding undertakings. Meaning all items with CIC CODE 72? 3) Shall the look-through assets with CIC codes 71 & 72, be inlcuded in the Counterparty default risk? For example if i consider a Bond Fund 'A' with 10 underlying assets having CIC code 71, and 72, should someone include the sum of these 10 assets with counterparty name 'A'? 4) Generally which categories of category 7 (Cash and deposits) shall be included? (i.e 71,72,73,,,)?	1. Transferable deposits (cash equivalents) CIC 72. Please note that cash at hand is not a type 1 exposure. 2. CIC75 3. EIOPA confirms that according to article 84 (1)(c) the look-through approach is applied to counterparty exposures. 4. Please see answer 1.

1523	05. Jul 18	Article 137(2) and analogically also other life underwriting sub-modules Article 206(2) Topic: Policies for which an increase in mortality rates leads to an increase in technical provisions without the risk margin	How the policies for which an increase in mortality rates (and analogically this applies to other life underwriting risk sub-modules) leads to an increase in technical provisions without the risk margin are chosen? Should ASSUMPTION from article 83(1)(c) (scenario does not change the value of future discretionary benefits included in technical provisions) apply or not when selecting the policies sensitive to mortality shock? Or does it depend on the fact whether I am calculating capital requirement on mortality risk BEFORE or AFTER loss-absorbing capacity of technical provisions? I see 3 options and I would appreciate your opinion which one of them is correct: Option 1 = select the sensitive policies based on the shock on technical provisions without the risk margin and taking into account aforementioned ASSUMPTION. And then use this set of policies in the gross (without LACoTP) as well as net (with LACoTP) calculation. Option 2 = select the sensitive policies based on the shock on technical provisions without the risk margin and NOT taking into account aforementioned ASSUMPTION. And then use this set of policies in the gross (without LACoTP) as well as net (with LACoTP) calculation. Option 3 = for net and gross calculation select set of sensitive policies independently. This may result in different set of policies for net and gross calculation as it may apply for single policy that: - BEL without FDB increases (ASSUMPTION applies) but - BEL with FDB decreases (ASSUMPTION does not apply) or vice versa.	1. The question is which portfolio of insurance policies should be included in the calculation of the BSCR and the nBSCR. 2. In the following BSCR_i/nBSCR_i denote for a policy i the increase in technical provisions without the risk margin excluding/including changes in the future discretionary benefit component. 3. In the following paragraphs 4 and 5 it is assumed that for all policies with BSCR_i>0 the condition 0<=nBSCR_i <= BSCR_i holds. 4. The set which is used to calculate the capital requirement for mortality risk should include all policies i, where the relevant shock leads to an increase in technical provisions without the risk margin, whilst keeping the future discretionary benefit component constant (BSCR_i>0). 5. Under the above condition using BSCR_i>0 and nBSCR>0 for identifying the policies to be included in the calculation produces actually the same result. 6. If the condition was not met this would imply that either the loss absorbency "overcompensates" the loss (nBSCR_i < 0) or that the effect of the shock with loss absorbency is larger than without loss absorbency (nBSCR_i > BSCR_i) – i.e. the loss absorbency is "negative". 7. Based on the currently available information it is considered that the likely cause for the situation described in paragraph 6 is a calculation error. The insurer should look for its cause and in the interim use a prudent calculation. 8. In case information should become available that there are cases in which the situation described in paragraph 6 reflects the actual risk sharing of the insurance contract, the issue will be revisited and this answer possibly revised.
1590	10. Jul 18	Solvency II Delegated Acts Article 215	With regards to the the Commission Delegated Regulation EU/2015/35 of October 2014 (Solvency ii). I have a question with regards to the treatment of financial guarantees as a risk mitigating technique. Could you please help me in understanding the treatment of risk for the following example: 1. An investor holds an unrated loan which should bear a Spread SCR according to Article 176 point 4. 2. However, an insurance company has written a guarantee to the holder of the loan which meets all the conditions in Article 215	A guarantee by an insurance undertaking is not taken into account when determining the treatment of a loan for which a credit assessment by a nominated ECAI is not available in the determination of the capital requirement for spread risk. This is irrespective of whether the conditions of Article 215 of Commission Delegated Regulation (EU) 2015/35 are met or not.
1597	10. Jul 18	▪ Solvency II Delegated Regulation 2015/35 – Article 210(2) of the on the effective transfer of risk – Article 86 on material basis risk ▪ EIOPA Guidelines on basis risk	In which cases are material basis risks or other risks reflected in the calculation of the Solvency Capital Requirements (SCR) according to the Standard Formula (SF)?	Material basis risks or other risks are only reflected in the calculation of the SCR in the SF if they are covered by any of the modules of the SF. Basis risks cannot be reflected in the SF SCR by adjusting the risk mitigating effect of the risk-mitigation technique. This implies that only material basis risk from a currency mismatch can be reflected in the SF SCR, if the requirements of Article 86 are met. Some examples:
1602	23. Jul 18	SII Delegated Act	I have a question which relates to on what grounds a credit exposure which is insured irrevocably and unconditionally can be regarded to constitute a counterparty exposure under the counterparty module towards the insurance company providing the insurance policy and not be regarded as spreadrisk to the underlying.	The question may be paraphrased as follows: The insurer invests in a security with contractually defined interest (fixed or floating) and principal payments. These payments are fully and irrevocably guaranteed by a party different from the issuer of the security. The requirement set out in Article 84 of Commission Delegated Regulation (EU) 2015/35 is not applicable. Does the guarantee result in the security to be covered in the counterparty default risk module instead of the spread risk sub-module? Answer: No. The security has to be covered in the spread risk sub-module.
1394	26. Jul 18	Article 204 (3)	Could you please explain how Premiums Earned should be calculated in case of the merger of 2 undertakings (t.i. one company takes over all business of another company and continues to operate, another company ceases operations)?	The premiums referred to in Article 204(3) of Commission Delegated Regulation (EU) 2015/35 should be the premiums earned by the insurance or reinsurance undertaking for which the capital requirement for operational risk is calculated. These premiums may differ from the premiums earned on the portfolio of insurance and reinsurance contracts currently held by the undertaking, for example because one company has taken over all business of another company or two companies have merged. No adjustments to the premiums earned by the insurance or reinsurance undertaking for portfolio transfers should be made.

1598	26. Jul 18	Article 163 of COMMISSION DELEGATED REGULATION (EU) 2015/35 of 10 October 2014	Article 163 of COMMISSION DELEGATED REGULATION (EU) 2015/35 of 10 October 2014 refers to «Nc [which] denotes the number of insured persons of insurance and reinsurance undertakings ». This article does not specify when the number of insured persons should be counted (at the end of the financial year or next year ?). For example, for the year ended 31/12/2017, do we have to take into account the number of insured persons as of 31/12/2017 or 2018 ?	The term Nc denotes the number of insured persons of the insurance and reinsurance undertaking at the beginning of the 12-month period for which the Solvency Capital Requirement is calculated. For the example provided where the SCR is calculated at the end of the year 2017 the number of insured persons at the end of 2017 is to be used. The insurer should address anticipated material changes in the number of insured persons in its Own Risk and Solvency Assessment.
1008	30. Jul 18	CHAPTER VI Solvency capital requirement — full and partial internal models of DELEGATED REGULATION (EU) 2015/35	This question concerns the treatment of the risk margin in the context of an internal model. In the case of the standard formula, the Solvency II regulation explicitly requires that the risk margin remains constant when calculating the SCR. For internal models, on the other hand, there seem no explicit regulatory requirements. Yet, are there supervisory expectations as to the treatment of the risk margin in the context of an internal model (for instance: Should it remain constant? If it is modelled dynamically, should certain aspects certainly be covered by the model?)	The probability distribution forecast of an internal model should take into account changes to the risk margin of technical provisions where they are material.
1181	03. Aug 18	Article 192 Loss-given-default Paragraph 2 Meaning of "Recoverables"	Article 192 (2) defines "Recoverables" as "best estimate of amounts recoverable from the reinsurance arrangement or insurance securitisation and the corresponding debtors". Are "Recoverables" adjusted to take account of expected losses due to default of a counterparty (as defined by Article 42 of Delegated Regulation) or not?	The term Recoverables referred to in Art. 192 (2) of Delegated Regulation (EU) 2015/35 should be the best estimate of amounts recoverable from the reinsurance arrangement or insurance securitisation and the corresponding debtors taking into account the counterparty default adjustment referred to in Art. 81 of Directive 2009/138/EC and Art. 42 of Delegated Regulation (EU) 2015/35.
1480	03. Aug 18	Article 192	We would have a question related to the term Recoverables in Article 192 of the Delegated Regulation. We were wondering whether you know who can help us out on this matter or whether you can provide some clarification. Article 192 indicates that the “recoverables” term in the formula for the loss given default for SCRdef, “denotes the best estimate of amounts recoverable from the reinsurance arrangement (…)”. We understand that it corresponds to the amounts recoverable from reinsurance contracts and special purpose vehicles gross of counterparty default adjustment (according to Article 61). However, the reference to best estimate in the definition could indicate amounts recoverable net of the counterparty default adjustment as defined in Article 42. Could EIOPA provide clarification?	The term Recoverables referred to in Art. 192 (2) of Delegated Regulation (EU) 2015/35 should be the best estimate of amounts recoverable from the reinsurance arrangement or insurance securitisation and the corresponding debtors taking into account the counterparty default adjustment referred to in Art. 81 of Directive 2009/138/EC and Art. 42 of Delegated Regulation (EU) 2015/35.
505	24. Aug 18	Article 168 point 2 and article 180 point 2 (b)	How should the territories and dependencies of EU/EEA/OECD countries be considered in regards to classification of 1) EU/EEA/OECD equities for equity risk? 2) Member States government bonds for spread risk?	Answer: 1) The Members of the European Union are listed in Article 52 Par. 1 of the Treaty on European Union and the Treaty on the Functioning of the European Union (http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12012M/TXT&from=EN). Croatia is also included in this list by way of its accession treaty, which was signed after the entry into force of these treaties. The Members States of the EEA are set out in the "AGREEMENT ON THE EUROPEAN ECONOMIC AREA" (http://www.efta.int/media/documents/legal-texts/eea/the-eea-agreement/Main%20Text%20of%20the%20Agreement/EEAagreement.pdf). For the members of the OECD see www.oecd.org. 2) Article 180 Par. 2 and Article 187 Par. 3 of Commission Delegated Regulation (EU) 2015/35 set out a specific treatment for exposures (in the form of bonds and loans) to Member States' central government denominated and funded in the domestic currency of that central government. The mentioned entities may be part of a Member State but they are themselves not separate Member States. Consequently, the governments of the entities listed cannot be considered as Member State central governments. In certain cases exposures to these entities may though qualify for the treatment set out in Article 109a Par. 2 (a) Solvency II (see also link below) http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R2011&from=EN

1656	31. Aug 18	Standard formula, 197(5)	Some assets do not seem to fall within any of the categories in the market risk module. For example: (a) commodities (b) aircraft and other vehicles (c) paintings I appreciate that it may be difficult to justify these investments under the prudent person principle, but assuming they are held, how should the standard formula be applied to calculate the resulting capital charge ?	The following covers exclusively the question how the listed collateral should be treated in the calculation of the Solvency Capital Requirement with the standard formula and does not cover the question whether its use would be in line with requirements like the prudent person principle. In the context of the collateral listed in the question it seems worth mentioning that in order to be reflected in the calculation of the Solvency Capital Requirement under the standard formula, collateral arrangements have to meet the applicable requirements in Article 214 of Commission Delegated Regulation (EU) 2015/35. This includes the requirement that the collateral is of sufficient liquidity and is sufficiently stable in value. Commodities, aircrafts and other vehicles and paintings should be included in the calculation of the capital requirement for type 2 equities.
1346	03. Sep 18	Article 18 - Boundary of an insurance or reinsurance contract	In Romania, the Civil Code (CC) defines and regulates insurance contract. CC provides an article which give the right to insurers to cancel unilateral the contracts (without any reason) as long as they give a notice period of 20 days. "CC - CHAPTER XVI - Insurance contract Unilateral termination of the contract Article 2.209. - The termination of the insurance contract by one of the parties may be performed only with a 20 days prior notice, from the date of receiving the notification by the other party." This article refers to both life and non-life insurance contracts. "DA Article 18 - Boundary of an insurance or reinsurance contract 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: (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. ..." Considering the above definition of the contract boundaries from DA, can it be assumed that contract boundaries is 20 days?	Where the insurance undertaking has the unilateral right to terminate the contract at any time provided that a notice period of 20 days is respected, the contract boundary would exclude all insurance obligations which relate to insurance cover provided after 20 days plus the time it takes to notify the policyholder. According to Guideline 2 of EIOPA's Guidelines on contract boundaries an undertaking's termination right should be considered as unilateral when neither the policyholder nor any third party can restrict the exercise of that right. EIOPA is not in a position to provide any opinion on the interpretation of national laws, including Article 2209 of the Romanian Civil Code in this regard.
1361	03. Sep 18	Article 18(5) Contract Boundaries	As it stands, article 18-5 of the Delegated acts is subject to different interpretations, because of the somewhat awkward structure of its long sentence. The following reordering of some elements of the sentence would greatly improve the understanding. Could you confirm it should be read according to the following : Obligations that do not relate to premiums which have already been paid and where 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, do not belong to an insurance or reinsurance contract, unless the undertaking can compel the policyholder to pay the future premium. 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.	Article 18 paragraph 5 of the Commission Delegated Regulation (EU) 2015/35 should be read as follows: 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; and (b) the contract does not include a financial guarantee of benefits; and (c) the undertaking cannot compel the policyholder to pay the future premium. 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.
1310	11. Sep 18	Art. 261a (1) (a) of the Delegated Regulation (EU) 2015/35 EIOPA-CP-15-004, 1.210-1.213; EIOPA-BoS-15-223, pp. 21-22	How can the validation process be performed?	Generally, validation would where relevant involve qualitative and quantitative aspects. Validation requires an assessment by the validator of the (conclusions of) the assessment by of the model developer or the person who has carried out the assessment of the criteria. In order to ensure independence of the validation process, the persons or organisational unit carrying out the validation, shall be free from influence from those responsible for the original assessment of the criteria, or for the development of the financial model and have no potential conflicts of interests. An external audit is not required. Where the governance structure allows, the undertaking itself can conduct the validation Alternative 1 would be inappropriate in this respect as there would be no validation.

1311	11. Sep 18	Art. 261a (1) (a) of Delegated Regulation (EU) 2015/35 EIOPA-CP-15-004, 1.210-1.213; EIOPA-BoS-15-223, pp. 21-22	How can a process involving external experts be designed for INDIRECT INVESTMENTS (i.e. via fund) and is it considered outsourcing?	As to the design of the investment process the principles contained in Article 261a apply, in addition to the general investment risk management requirements under Article 260 of Delegated Regulation 2015/35. As to outsourcing, Article 13 of Directive 2009/138 (Solvency II Directive) stipulates that outsourcing means an "arrangement of any form between an insurance or reinsurance undertaking and a service provider, whether a supervised entity or not, by which that service provider performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking itself." The undertaking needs to decide whether an arrangement falls within the definition of outsourcing. Hiring a specialist consultant, for example, to provide one-off technical advice or one-off support for an undertaking's risk management does not normally constitute outsourcing. However, it may become outsourcing if an undertaking subsequently relies on that consultant to manage an internal function or service, e.g. when it is installed or becomes fully operational. (See EIOPA-BoS-14/253, Final report on Guidelines on Governance, explanatory text to GL 60, page 99). Hence, the more the service is provided on a frequent and regular basis, the more likely it is that the activity is considered to be outsourced. It shall be noted that the final decision on the activity will always be with the undertaking, which remains fully responsible for the outsourced function or activity. In that respect, Alternative 3 where it states "SII departments follows it without additional assessments", may not be appropriate, in particular as the undertaking should designate a person within the undertaking with overall responsibility for an outsourced key function […] able to challenge the performance and results of the service provider. (See Guidelines on Governance, GL 14)
1546	11. Sep 18	Article 13 of Commission Delegated Regulation EU 2015/35 paragraph 1(b)	We have a technical query we were hoping you could assist with. We are in the process of considering whether to acquire 100% of the shares of an unlisted non-insurance undertaking, which will then be held as a subsidiary of the Company. We would like to clarify the treatment of this investment in our Solvency II balance sheet. We understand that according to Article 13 of Commission Delegated Regulation EU 2015/35 paragraph 1(b), we should use the adjusted equity method, given that the entity is unlisted and therefore the default valuation method is not applicable. According to paragraph 3 of Article 13, we should value our holding based on our share of the subsidiary's net assets. Our question is, how to recognise the initial cost element of the investment. For example: Initial cost to purchase = EUR 500.000 Assets acquired at purchase date = EUR 250.000 Net assets at next reporting date as per SII = 500K What would be show in our SII balance sheet? Should the valuation be: Initial cost 500.000 Plus share of post acquisition movement of net assets 250.000 Valuation of investment as per SII 750.000	The unlisted non-insurance undertaking that will be held as a subsidiary, as noted in your case, is valued according to the Solvency II valuation principles for related undertakings. The valuation of the holdings is based on the share of the excess of assets over liabilities ("EoAoL") of the related undertaking held by the participating undertaking (Article 13(3) of the Delegated Regulation). This amount is to be disclosed in the Solvency II balance sheet template S.02.01.01 Row R0090. If using the practical example of the first case noted in your question, the amount to be included in the SII balance sheet is the EoAoL as valued according to Art. 13 of Delegated Regulation (EU) 2015/35 (please note in particular the deduction of goodwill and intangible assets), at the end of the period X of reporting is 500K. If the EoAoL for the next period X+1 has changed, then you will use the new EoAoL amount. The values recorded according to Art. 13 of Delegated Regulation (EU) 2015/35 are also reported in the template SE.06.02.16.01 Cell C0160.
1423	26. Sep 18	Article 191 Para 2	Article 191 para 2 referes to small or medium sized enterprises. What is the definiton of medium sized enterprise?	No definition of small and medium undertakings is given in Directive 2009/138 and Delegated Regulation 2015/35. However, the Commission issued on 6 May 2003 a Recommendation on the definition of micro, small and medium-sized enterprises, aiming at giving guidance to European and national legislators when defining in their national laws such categories of undertakings. Definitions adapting this recommendation to specific sectors have been adopted in Article 501(2) of Regulation 575/2013, Article 77(1) of Regulation 2017/565 and Article 2(f) of Regulation 2017/1129.

1494	26. Sep 18	Article 180(2)(b) Delegated Regulation	According to Delegated Acts Article 180 (2)(b) exposures to Member States' central government funded in the domestic currency of that central government are assigend a risk factor stress_i of 0% for Spread Risk. What is the exact definition of 'Member State' in this context? - All countries that are part of the European Union, or - All countries that participate in Solvency II? In particular countries as Norway and Iceland participate in Solvency II but are not part of the European Union. So in other words: Is a Norwegian company (where one can assume that a mojority of the investments are Norwegian government bonds) allowed to assume that Norwegian central government exposures are risk free?	The term 'Member States' in the Solvency II Directive and in the Solvency II Delegated Regulation refers to the 28 Member States of the Union. However both legislations have been adopted with the Clause "Text with EEA relevance" which means that the addressees of this legislation are also Iceland, Lichtenstein and Norway. Therefore, exposures in form of bonds and loans to the Norwegian' central government denominated and funded in the domestic currency of that central government (or if you prefer, "funded in Norwegian krone") shall be assigned a risk factor of 0% pursuant to Article 180(2)(b) of Regulation 20015/35.
1681	05. Okt 18	Article 127	Article 127 contains the catastrophe risk charge calculations for non-proportional property reinsurance wherein geographical diversification ("DIV") has been set out in Annex III. However point (5) of Annex III states that the factor for geographical diversification shall be equal to 1 (i.e. DIV =1) including for segment "12 Non-proportional property reinsurance". Please refer to worksheet "Query1". Can you please clarify whether this is the intention of this Article 127 "Sub-module for catastrophe risk of non-proportional property reinsurance"?	In accordance with Annex III paragraph 5 and Annex II of Commission Delegated Regulation (EU) 2015/35 the factor DIVnpproperty referred to in Article 127(2) should be set to one.
1690	05. Okt 18	Regulation 2015/35: Article 5, Article 176, Article 189, Article 215	We refer to a scenario where a (re)insurance undertaking holds a Note which is fully and irrevocably guaranteed by a specific credit insurance policy issued by a credit insurer which has a rating published by a nominated ECAI, credit step 2. The credit insurance policy satisfies the requirements of Article 215 of Regulation 2015/35, and is treated by the (re)insurance undertaking as part of its risk mitigation policy. Answers given by EIOPA to earlier questions suggest that: (a) the existence of the credit insurance policy would not enable the Note to be treated as an exposure to the credit insurer within the counterparty default risk module of the SCR; and (b) the guarantee cannot be taken into account in assessing the rating to be applied to the Note as part of the spread risk sub-module of the market risk module of the SCR. (i) Please could you let us know whether there are any circumstances in which you consider that the counterparty default risk module would apply. In particular, if the Note is not capable of being transferred by the (re)insurance undertaking then the (re)insurance undertaking is not exposed to any market risk, so including the Note in the market risk module would seem to be inappropriate. The effect of the credit insurance is very similar to a bilateral credit derivative, in that the only circumstances in which the (re)insurance undertaking would incur a loss would be where there is a default by the counterparty. (ii) If the Note itself has to be treated as part of the spread risk sub-module, would you agree that, because of the existence of the credit insurance policy, "the loss in the basic own funds that would result from an instantaneous relative decrease of stress i in the value of the [Note]" for purposes of Article 176(1) of Regulation 2015/35 would be zero. This would be subject to the counterparty default risk of the credit insurer, which would be determined under the counterparty default risk module. (iii) If the Note has to be treated as part of the spread risk sub-module, and you do not agree with our view in question (ii), would you consider that the existence of the rating of the credit insurer, and the fact that the credit insurance policy is issued specifically in relation to the Note payments covering all scheduled interest and principal, means that "a credit assessment exists for a specific issuing program or facility to which the item constituting the exposure [i.e. the Note] belongs" ? This would mean that, under Article 5(1) of Regulation 2015/35, the Note can be treated as having the ECAI rating of the credit insurer for purposes of the spread risk sub-module. (iv) If a rating from an ECAI were to be obtained covering all payments on the Note, and taking into account the credit insurance policy, would you consider that that would be "a credit assessment … for a specific issuing program or facility to which the item constituting the exposure [i.e. the Note] belongs" for purposes of Article 5(1) of Regulation 2015/35 ? We want to be sure you would not consider that the fact that the ECAI has taken into account the guarantee means that its rating does not apply. For clarity, we have used the term (re)insurance undertaking to refer to the life insurers who would be investing, to distinguish them from the credit insurers.	i. It is unfortunately not possible to provide an answer to such a broad question. ii. No iii. No. The fact that there is a credit insurance policy covering the note does not mean that the credit assessment of the credit insurer can be used. iv. Where a credit assessment exists by a nominated ECAI for a specific issuing program or facility to which the item constituting the exposure belongs, that credit assessment should be used. This does not depend on whether this credit assessment has been affected by a reduction in risk resulting from a credit insurance policy issued by a credit insurer or not.
1604	09. Okt 18	Delegated Act, Article 142	Accrding to Article 142 of the delegated act 2015_35 the capital requirement for the lapse risk refer to all options in pragraphs 4 & 5. Could you please confirm that the option of annuity payments offered at maturity instead of lump sum should be considered in the options of paragraph 4 b for the calculation of the lapse risk capital requirement ?	A contractual option for the policyholder to convert at maturity a lump-sum benefit at a predefined conversion base into an annuity falls under point (b) of the options referred to in Article 142(4) of Commission Delegated Regulation (EU) 2015/35
1605	09. Okt 18	Article 142	Accrding to Article 142 of the delegated act 2015_35 the capital requirement for the lapse risk refers to all options in paragraphs 4 & 5. Could you please confirm that the option of annuity payments offered in life insurance policy at maturity instead of lump sum should be considered in the options of paragraph 4 b for the calculation of the lapse risk capital requirement ?	A contractual option for the policyholder to convert at maturity a lump-sum benefit at a predefined conversion base into an annuity falls under point (b) of the options referred to in Article 142(4) of Commission Delegated Regulation (EU) 2015/35

1698	09. Okt 18	COMMISSION DELEGATED REGULATION (EU) 2015/35 Article 117 of Regulation (EU) No 575/2013; https://www.bis.org/publ/bcbs_nl19.htm	Is IDA (International Development Association, member of the World Bank Group) to be assigned a 0% risk weight for Solvency 2? There are three World Bank entities that issue AAA/Aaa bonds, IBRD, IFC and IDA. IBRD and IFC are already recognised under Solvency 2 as being assigned a 0% risk weight by reference to Regulation 575/2013. On 30 November 2016 the Basel Committee added IDA to the list of 0% risk weighted entities under Basel, (https://www.bis.org/publ/bcbs_nl19.htm). Is IDA also 0%?	No
1230	29. Okt 18	Directive: Article 109 Delegated Regulation: Article 88, 165-167 Guideline 4 in guidelines on the treatment of market and counterparty risk exposures in the standard formula	Question 1: How should we interpret article 166 and 167 in the DR and 1.14 in guideline 4? Is it enough to recalculate the value of the bond based on e.g. five different maturities, say 2Y, 5Y, 10Y, 20Y and 30Y, where the key rate sensitivities are divided into these buckets, or is it necessary to stress every single maturity on the relevant interest rate curve, i.e. perform a full repricing of the asset? Question 2: Is article 90-112 in the Delegated Regulation a closed list of simplified calculations that the undertakings are allowed to use? • If yes, is this mentioned somewhere in the legislation? Article 109 in the directive mentions "simplified calculations", but is this referring to the simplified calculations defined in article 90-112 or is it a more general term? • If no, can the proportionality principle in article 88 be used by an undertaking to argue for the use of approximations with the argument of nature, scale and complexity of a particular risk? Question 3: Is it correctly understood that the Delegated Regulation does not open up for the use of interest rate durations in the interest rate risk submodule except for any relevant simplified calculation in article 90-112?	Q1: No, it is not enough. Unless the conditions for the application of Article 103 DA are met, the capital requirement for interest rate risk has to equal the value that is calculated in accordance with Article 166 and 167 DA (i.e. based on the loss in basic own funds resulting from the shock to the basic risk-free interest rates for all maturities set out in these articles). The results of the described calculation with a selected number of maturities will in all likelihood deviate from this value. Q2: Yes, Articles 90-112 of the Delegated Regulation constitute a closed list of simplified calculations that the undertakings are allowed to use, provided they comply with Articles 88 and 89 (if captive). Although the term "closed list" is not mentioned in the Regulation, the Directive Article 111(1)(l) requires the Commission to adopt delegated acts for the simplified calculations and there are no other Articles in the Regulation adopted by the Commission that contain other simplified calculations. Article 109 of the Solvency II Directive is mentioned in Article 88(1) of the Solvency II Delegated Regulation and accordingly the term "simplified calculations" in the Directive should be interpreted as a reference to the simplified calculations in the Delegated Regulation. Q3: Yes, the simplified calculation of the capital requirement for interest rate risk for captive insurance or reinsurance undertakings can be used according to Article 103 of the Delegated Regulation, provided the undertaking complies with Articles 88 and 89 (if captive).
1710	11. Nov 18	Aritcle 180, pragraph 14, introduced by COMMISSION DELEGATED REGULATION (EU) 2017/1542	The parameters specified in article 180 (14) of (EU) 2015/35 introduces jumps at at some of the kinks of the parameter funtion. For instance, a qulifying corporate infrastructure investment with CQS 2 and duration of 15 could have a stress factor of 9.78 when calculated as 7.88 + (15-10)*0.38 or a stress factro of 9.75 when calcualted as 9.75 + (15-15)*0.38. Which one is correct?	In the context of Article 180(14) of Commission Delegated Regulation (EU) 2015/35 "up to 15" means <=15 and "more than 15" means >15
1729	11. Nov 18	Art. 204 (1)	My question is about the "Exp UL" item within the Operational risk formula set in Art. 204 of the delegated regulation 2015/35. In managing our unit-linked business, we use to withdraw regular management fees from the units value and, at the same time, we release a certain percentage of theese commissions to the sales network. Therefore, these monetary amounts represent the portion of revenues belonging to distributors, and not to our undertaking. The question is: shall we consider theese ceded fees as part of Exp UL?	The commissions to the sales force should be a part of the ExpUL for the purpose of calculating the capital requirement for operational risk.
1730	11. Nov 18	Article 5 Use of credit assessment of the issuer	For an issuer there may exist a several types of credit assessments, most typically short-term issuer rating and long-term issuer rating. Which one should be used to derive credit quality step in accordance with COMMISSION IMPLEMENTING REGULATION (EU) 2016/1800? Is there any rule or reccomendation? It can happen that both short term and long temr exist for issuer and each produces different CQS.	The question is how to determine the credit quality step in accordance with Title I Chapter I Section 2 of Commission Delegated Regulation (EU) 2015/35 of an item issued by the counterparty A in case that 1. The insurance or reinsurance undertaking has nominated a single ECAI 2. The ECAI provides both long-term and short-term issuer credit ratings for counterparty A

1756	11. Nov 18	COMMISSION DELEGATED REGULATION (EU) 2015/35 , Article 191 Mortgage loans	Where should be calculated the impact of mortage loan, if the amount of loan provided is 1 500 000 (is greater than 1 000 000) the duration is 5 years the callateral is 2 000 000. The amount of this mortgage loan is greater than 1 000 000 and according to Article 191, p.4 can not be treated under Counterparty default risk. The total amount owed to the insurance or reinsurance undertaking and, where relevant, to all related undertakings within the meaning of Article 212(1)(b) and (2) of Directive 2009/138/EC, including any exposure in default, by the counterparty or other connected third party, shall not, to the knowledge of the insurance or reinsurance undertaking, exceed EUR 1 million. The insurance or reinsurance undertaking shall take reasonable steps to acquire this knowledge.	In case the mortgage loan does not meet the requirements set out in Article 191 of Commission Delegated Regulation (EU) 2015/35 it should be included in the calculation of the capital requirements for interest rate risk, spread risk and market risk concentration as well as in case relevant for currency risk.
1678	22. Nov 18	Article 142	When calculating the capital requirement for Mass Lapse risk should the per-policy expenses remain unchanged, resulting in the overall expenses falling proportionally?	The capital requirement for mass lapse risk in accordance with Article 142(6) of Commission Delegated Regulation (EU) 2015/35 should reflect the adjustments after the mass lapse event that the insurer would have to make to the expense component of the cash flow projection in the best estimate calculation. Whether and by how much future expenses can be reduced due to the lower number of policies depends on company specifics like the proportion of fixed and variable costs. Using the assumption of constant per policy expense for determining the capital requirement for mass lapse risk may in many cases be too optimistic with respect to the possibility to reduce costs.
1682	22. Nov 18	Article 197 (7) - F Factor for Collateral arrangements for reinsurance	Article 197 (7) of the Delegated Acts states that "Where in case of insolvency of the counterparty, the determination of the insurance or reinsurance undertaking's proportional share of the counterparty's insolvency estate in excess of the collateral does not take into account that the undertaking receives the collateral, the factors F and F' referred to in Article 192(2) and (3) shall both be 100 %. In all other cases these factors shall be 50 % and 90 % respectively." The Article is not clear. Our understanding is that in the event of insolvency of the counterparty, if the amount that the insurer would receive from the counterparty is not reduced to allow for the fact that this collateral arrangement exists / has been paid, then the F factor can be 100%, otherwise it is 50%. However, it is not clear how the factor could ever be 100%. We are not sure if the terms of the collateral arrangement would need some specific references or clauses to allow this to happen or how else it could be assessed if this criteria is met. Can you please elaborate on the assessment cirteria for using F = 100% in the case of collateral on reinsurance arrangments? Also, can you clarify if it is the case that the F factor applies only to the residual assets of the insolvent company after the pledged collateral or to the assets of the Company including the pledged collateral?	1.It is unfortunately not possible to answer such a broad question. It is up to the insurance company to structure its contractual arrangements with the counterparty so that the requirement in Article 197(7) of Commission Delegated Regulation (EU) 2015/35 are met. 2.The question whether the F factor applies only to the residual assets of the insolvent company after the pledged collateral or to the assets of the company including the pledged collateral is not completely clear. According to Article 192(2) F is multiplied with the risk-adjusted value of collateral in relation to the reinsurance arrangement or securitisation.
1716	22. Nov 18	Section 6, Counterparty Default Risk module, subsection 1, General Provisions, Article 189, Paragraph 3, Type 2 Exposures (of (EU) No 2015/35 – supplementing Dir 2009/138/EC – taking up & pursuit of the business of Insurance and Reinsurance (SII))	According to Article 189 relating to the capital requirement for counterparty default risk, Type 2 exposures include receivables from intermediaries. Having reviewed the official Solvency II texts, along with available guidelines and EIOPA Q&As to date, it is not clear what the exact definition of an intermediary in this context is. I expect that the definition of an intermediary would include insurance intermediaries, and for example a receivable would be commission clawback from brokers. Another example of a credit exposure which is not as straightforward to define in terms of the type of exposure, is when employers pay premiums on behalf of their employees (the policyholders), for example for short term medical insurance. Would the payment of such premiums by employers on behalf of an employee be more appropriately considered a Policyholder Debtor exposure (Article 189, Paragraph 3 (b))?	When determining the capital requirement for counterparty default risk on type 2 exposures, credit exposures resulting from an employer paying premiums on behalf of its employees (who are the policyholders) should not be included in the calculation of LGDreceivables>3months as defined in Article 202 even if payments have been due for more than three months.
1726	22. Nov 18	COMMISSION DELEGATED REGULATION (EU) 2015/35	In Article 117 in the COMMISSION DELEGATED REGULATION (EU) 2015/35 it says that "For segments 1, 4 and 5 set out in Annex II the adjustment factor for non-proportional reinsurance shall be equal to 80 %. For all other segments set out in Annex the adjustment factor for non-proportional reinsurance shall be equal to 100 %." Can a company use the 80% facot if for segment 4 has both non-propotional and propotional reinsurance or it must have only non-proportional reinsurance???	The application of the adjustment factor of 80 % for non-proportional reinsurance for segment 4 set out in Annex II does not depend on the existence/non-existence of proportional reinsurance.

1057	27. Nov 18	According to Article 135(2) of Directive 2009/138/EC, the Commission shall adopt delegated acts in accordance with Article 301a laying down: (a) the requirements that need to be met by undertakings that repackage loans into tradable securities and other financial instruments (originators or sponsors) in order for an insurance or reinsurance undertaking to be allowed to invest in such securities or instruments issued after 1 January 2011, including requirements that ensure that the originator, sponsor or original lender retains, on an ongoing basis, a material net economic interest, which, in any event, shall not be less than 5 %; (b) qualitative requirements that must be met by insurance or reinsurance undertakings that invest in such securities or instruments; (c) the specifications for the circumstances under which a proportionate additional capital charge may be imposed when the requirements laid down under points (a) and (b) of this paragraph have been breached, without prejudice to Article 101(3). Delegated regulation 2015/35 sets in articles 254-257 quantitative and qualitative requirements which insurance and reinsurance undertakings shall meet while investing in securitisation positions.	Our question is following. Let's assume that there is an undertaking which acquired in December 2014 and February 2015 securitisation positions issued in November 2014 and January 2015. In 2016 insurance undertaking still holds securitisation positions in its portfolio. Is undertaking oblige to meet requirements from articles 254-257 of Delegated Regulation even if the securitisation positions were bought before 1st of January 2016 i.e. before application of the Solvency II regime?	Articles 254-257 of Delegated Regulation derive from the empowerment in Article 135(2) of the Solvency II Directive, which provides the following: "The Commission shall adopt delegated acts in accordance with Article 301a laying down: (a) the requirements that need to be met by undertakings that repackage loans into tradable securities and other financial instruments (originators or sponsors) in order for an insurance or reinsurance undertaking to be allowed to invest in such securities or instruments issued after 1 January 2011, including requirements that ensure that the originator, sponsor or original lender retains, on an ongoing basis, a material net economic interest, which, in any event, shall not be less than 5%; (b) qualitative requirements that must be met by insurance or reinsurance undertakings that invest in such securities or instruments; (c) the specifications for the circumstances under which a proportionate additional capital charge may be imposed when the requirements laid down under points (a) and (b) of this paragraph have been breached, without prejudice to Article 101(3)." Considering that the dates of issuance referred are later than 1 January 2011, the requirements in the mentioned articles of the Solvency II Delegated Regulation would be applicable since the entrance into force of Solvency II.
1662	27. Nov 18	Article 274	"A stakeholder, who is a supplier of Cyber Security Services indicated that in negotiating the supply of such services for it, to an Insurer, the issue is whether Article 274 of the Commission Delegated Regulation 2015/35 applies. And, If Article 274 does apply to a Cyber Security Services supply agreement, then Article 274.4 (b) and (c) are so vaguely drafted, that they are capable of many interpretations".	According to the definition in Article 13 of the Solvency II Directive, outsourcing' means an arrangement of any form between an insurance or reinsurance undertaking and a service provider, by which that service provider performs a process, a service or an activity, which would otherwise be performed by the insurance or reinsurance undertaking itself. Article 49 of the Directive and Article 274 of the Delegated Regulation contain provisions applicable to outsourcing, some of them only relevant with respect to the outsourcing of critical or important functions or activities. Finally, according to Guideline 60 of the EIOPA Guidelines on system of governance, the decision whether a function or activity is critical or important should be made on the basis of whether this function or activity is essential to the operation of the undertaking as it would be unable to deliver its services to policyholders without the function or activity. Within the "EIOPA Final Report on Public Consultation No. 14/017 on Guidelines on the System of Governance" in the explanatory text for Guideline 60 (paragraph 2.291), there is a list of examples of critical or important functions or activities which would include cyber security services (those fit within the on-going, day-to-day systems maintenance or support) if those are not one-off services (such as advisory services or projects (e.g. penetration tests). Nevertheless, please note that from the question received there is no sufficient information on the nature of the activities/functions covered in the agreement between the service provider and the insurer. We advise the stakeholder to engage with the relevant NCA regarding the details of their case.
1685	30. Nov 18	Market risk - intercompany loans	Intercompany loans should be stressed within the market risk module. Where intercompany loans are repayable on demand, that is the loan does not have a defined term, is it still appropriate to stress within the market risk module? For example, where two companies (Company A and Company B) participate in zero balancing arrangments ("overnight pools" or "pooling arrangements") such that intercompany loans are established when funds are transfered from Company A's account to Company B's account, would it be more appropriate to treat the loan as "cash at bank" and stress the asset within the counterparty default risk module? The argument is that, similar to cash at bank, this asset should be available on demand, unlike a loan asset which is usually not available on demand.	The described loan should be included in the calculation of the capital requirement for market risk including the calculation of the capital requirement for spread risk. In accordance with Article 176 (2) of Commission Delegated Regulation (EU) 2015/35 the minimum modified duration is 1.

1677	02. Dez 18	Section 3 Articles 137-143	Should reserves relating to claims incurred (e.g. Incurred But Not Reported and Reported But Not Settled etc.) be included in the calculation of SCR stresses? (Mortality, Morbidity, Longevity risk)	The calculation of the capital requirements for mortality risk in accordance with Article 137(2) of Commission Delegated Regulation (EU) 2015/35 should reflect the new value of the best estimate after the mortality shock as determined in accordance with the relevant provisions in Title I Chapter VI Sections 1 and 2 of the Solvency II Directive. Whether the part of the projected cash flows in the best estimate calculation that reflects the incurred but not reported and reported but not settled claims is altered by the mortality shock or not depends on the specificities of the insurance contract. The same reasoning applies for the longevity and disability-morbidity risk sub-modules.
1675	03. Dez 18	Article 335, Article 336	Could you please confirm that OFS should completely be excluded from the calculation of group market risk and counterparty default risk, meaning that neither the participation in an OFS nor the assets of an OFS should be included when calculating these risks for the purpose of Art. 336 a Delegated Regulation?	We read your acronym "OFS" as Other Financial Sectors and we understand your question as referring to undertakings regulated by other relevant financial sector rules. When calculating the consolidated group SCR, regulated undertakings from OFS are contributing with the proportional share of the capital requirements calculated according to their relevant sectoral rules as referred to in Article 336 (c) of the Delegated Regulation (DR). When applying the algorithm outlined under Article 336 DR, you apply a simple summation and add the capital requirements as calculated under the relevant financial sector for those regulated undertakings. This means that regulated undertakings from OFS are not part of the Diversified SCR (Article 336(a) DR) for which you apply the various SCR risk modules, including, where relevant, the market risk module and the counterparty default risk module. It is important to note that the related OFS are excluded from the risk calculation in Article 336(a) DR, this as OFS are not included in the Solvency II consolidated data on the same basis as undertakings that fall under Article 335(1)(a),(b) and (c) DR, but on the basis described under Article 335(1)(e) DR. Based on this, and to be direct to your own question, when you deal with a regulated OFS undertaking under Method 1, you expect that the risks of such undertaking are covered by their own sectoral rules and no additional calculations are required under Solvency II. It should also be noted that if the case refers to a simple investment in OFS (not considered as regulated undertaking), then such situation should be treated as an equity investment for the purpose of calculating the Group SCR and, more specifically, in the calculation of the consolidated group SCR according to art 336(a) of the DR.
1350	05. Dez 18	- Guideline 14 - Article 304(1)(c) and 312(1)(b) of the Commission Delegated Regulation (EU) 2015/35	We would ask you to answer the following questions: - can a supervisory report of the own risk and solvency assessment carried out pursuant to the Article 304(1)(c) of the Commission Delegated Regulation (EU) 2015/35 (hereinafter: ORSA Report), which an insurance company submits to the supervisory authority in the middle of the current year, refer to the previous year, or, more specifically, can the insurance company provide the ORSA Report for 2016 by mid - 2017 (in July) since the ORSA report should be based on a "forward looking" approach?	As stated in Guideline 14 of the EIOPA Guidelines on ORSA, the undertaking should perform the ORSA at least annually. However, the guideline does not prescribe a concrete timeline for the ORSA. Article 321 (1) (b) of the Solvency II Delegated Regulation only provides that insurance and reinsurance undertakings shall submit to the supervisory authorities the ORSA supervisory report referred to in Article 304(1)(c) within 2 weeks after concluding the assessment. The ORSA has to be performed on a regular basis and in any case immediately after any
1700	19. Dez 18	Art. 330 L2 VO Availability of eligible own funds of affiliated companies at group level	The explanations of Art. 330 regarding the fungibility of own funds instruments leave some questions open in our view. Are there any concrete examples of fungible instruments or a detailed catalog of criteria for possible types of instruments?	The assessment of application of Article 330 of Delegated Regulation (DR) includes both: (i) transferability of assets within the group; and (ii) fungibility, which refers to the ability of, own funds to absorb wherever they arise in the group. There is not a separate catalogue of own funds in the Solvency II framework highlighting an exhaustive list of types of financial instruments that can absorb losses. In addition to Article 330 to 334 of the DR, the characteristics set out in Article 93 of the Solvency II Directive and features set out in Articles 69 to 78 of the Delegated Regulation, as well as guideline 13 on EIOPA's GLS on Group Solvency would be helpful when assessing own funds. You can also refer to the answer provided to Q&A 438 (published in 2017) which can be helpful as a reference on this subject. Finally, we wish to emphasise the importance of engaging with your relevant National Competent Authority and discuss any doubts on the availability and transferability of own funds.

1801	19. Dez 18	Application of the Solvency II provisions regarding outsourcing (article 49 of Solvency II Directive and article 274 of Delegated Act 35/2015) in conjunction with the provisions of Regulation 21327/85 on the European Economic Group (EEIG).	We kindly ask for your support in clarifying a specific issue related to the application of the Solvency II provisions regarding outsourcing in conjunction with the provisions of Regulation 21327/85 on the European Economic Group (EEIG). In the situation where two insurance companies, entities of a same group, set-up an European Economic Interest Group, in the sense of the provisions of the Regulation 2137/85, for pursuing certain insurance related activities (for example, claims settlement), could this be interpreted as outsourcing, in accordance with article 49 of Solvency II Directive and article 274 of Delegated Act 35/2015 ? Please consider that the respective EEIG has the following features: • has been set-up without capital; • performs activities only for its members; • performs activities that are ancillary to the main activity of its founders; • is a non-profit entity, performing services for the common and direct interest of its members; • the common expenses resulted from its activities performed in the interest of its members are beard by each of these members, through an expense statement; • controlling of this EEIG is performed by the two founding members.	According to the definition in Article 13 of the Solvency II Directive, outsourcing' means an arrangement of any form between an insurance or reinsurance undertaking and a service provider, by which that service provider performs a process, a service or an activity, which would otherwise be performed by the insurance or reinsurance undertaking itself. Article 49 of the Directive and Article 274 of the Delegated Regulation contain provisions applicable to outsourcing, some of them only relevant with respect to the outsourcing of critical or important functions or activities. It should be noted that according to Article 1 of the Council Regulation (EEC) No 2137/85, European Economic Interest Groupings have the capacity, in its own name, to have rights and obligations of all kinds, to make contracts or accomplish other legal acts, and to sue and be sued. Consequently, in the case referred the EEIG could be treated as a "service provider" in the sense of Article 13 of the Solvency II Directive; therefore provisions in Article 49 of the Solvency II Directive and Article 274 of the Solvency II Delegated Regulation would be applicable. In particular, Article 274 (2) of the Delegated Regulation provides that where the insurance or reinsurance undertaking and the service provider are members of the same group, the undertaking shall, when outsourcing critical or important operational functions or activities take into account the extent to which the undertaking controls the service provider or has the ability to influence its actions."
1037	14. Jan 19	Article 31, Expenses, Paragraph 4	Praragraph 4 states 'Expenses shall be projected on the assumption that the undertaking will write new business in the future'. Could you please provide information on the application of this paragraph to entities that are closed to new business? For example, should the entity assume that they continue to write new business and therefore they do not need a provision for closed to new business expenses or can the entity only assume that they will write the new business that is in their business plan (which in this case would be zero)?	In the case of undertakings closed to new business, the specific situation of the undertaking should be taken into account in the assumptions on future expenses, hence the projection of cash-flows should reflect that there is no underwriting of new business.
1146	04. Feb 19	Article 107 Simplified calculation of the risk mitigating effect for reinsurance arrangements or securitisation	Could you please provide me with your opinion on the following issues regarding the simplifications introduced via Article 107: a) Does variable "Recoverables(i)" includes also receivables from counterparty i (i.e. amounts past due by reinsurers and linked to reinsurance business that are not included in reinsurance recoverables)? b) How the capital requirement for paragraph 2, letter b is calculated? Wording of the paragraf refer to "capital requirement for underwriting risk". Does it mean capital requirement for life, non-life and health udw risk where indivudial capital requirements (i.e. life udw, non-life udw and health udw) are agregated via correlation matrix? Or the simple summation of the individual udw risks should be applied? c) Level 2 does not explicitaly offer such possibility but are companies allowed to use simplification in a modified way? I was thinking about calculation of RMre,all value and split it to individual counterparties in a different way than suggested by paragraph 1 of Article 107. d) Last but not least, imagine a situation amount of Recoverables(i) (excluding receivables as mentiond under point a)) is negative. Do you have any suggestion how to proceed in this case or does it mean we are not allowed to use this simplification?	Questions b to d were classified as category 1 and are therefore answered by the Commission. Answer question a: "The calculation of the variable "Recoverables(i)" should not take into account amounts that are excluded from the calculation of the amounts recoverable from reinsurance as specified in Article 41 of the Delegated Regulation (b) The (hypothetical) capital requirement for underwriting risk is aggregated using the correlation matrices of the standard formula. (c) In accordance with Article 111(1)(l) of the Solvency II Directive, only the simplifications provided for in the Delegated Act can be used for the purpose of calculating the standard formula. Modifications to these simplifications are not possible. (d) The Commission is proceeding with the adoption of an amendment to the Solvency II Delegated Act under which only positive recoverables can be included in the calculation provided for in Article 107 and 108.
1456	04. Feb 19	Art. 180(2): Specific exposures	Do government-guaranteed bonds issued in a currency different than the domestic currency of the guarantor get assigned a credit stress risk factor of 0%?	Commission staff consider that the intention of the legislator in Article 180(2) of Commission Regulation 2015/35 is that the specific risk factor of 0% applicable to bonds guaranteed by Member States' central government is limited to exposures "denominated and funded in the domestic currency of that central government". This interpretation is also consistent with the limitation of 0% risk factor for sovereign debt instruments to those instruments denominated and funded in the domestic currency of that central government in Article 180 (2).
1800	04. Mrz 19	Article 188	Article 188 of the SII Delegated Acts covers currency risk but only refers to different charges where currencies are pegged to the Euro. We are a US dollar functional currency entity and we are currently taking capital charges on currencies that are pegged to the USD which seems very punitive. For example on AED at Q3 our SCR currency risk charge amounted to \$8m. Given AED is pegged to the USD we do not put hedging programs in place for these currencies. Why is there no allowance for the pegging of foreign currencies to the local currency when it is not Euro?	Please note that Solvency II only gives allowance for the pegging of foreign currencies to Euro. This is elaborated in Article 188(5) of Commission Delegated Regulation (EU) 2015/35, as well as the Commission Implementing Regulation (EU) 2015/2017 of 11 November 2015 which establishes factors for currency risk for currencies pegged to the euro.

1524	12. Mrz 19	Article 135 & Annex XII - And Directive 2009/138/EC 2009	With reference to Article 135 & Annex XII and the risk factor of 40% applying to Miscellaneous Financial Loss we would be grateful for your help in relation to our query. We underwrite pet insurance business (mainly dog, cat and equine, majority being dog) which provides reimbursement of vet fees along with other ancillary benefits. We note from Article 135 & Annex XII that "extended warranty insurance" is excluded within the scope of Miscellaneous Financial Loss" and therefore the risk charge of 40% does not apply. We believe that pet insurance by its very nature is also excluded by this exemption. We would be grateful if you could advise if our regulator, the Gibraltar Financial Services Commission have the authority to grant such an exemption. We have discussed this with two large audit firms and they agree with our understanding that pet insurance should not be exposed to a 40% risk charge.	We appreciate your efforts in running a parallel between the risks charge that applies to different lines of business. However, the definition of "extended warranty insurance" in Annex XII of the Delegated Regulations is very specific and does not extend to pet insurance. In addition, under the current Solvency II framework there are no provisions to empower a NCA to grant an exemption to an undertaking from including the capital charge from a risk (sub)-module from the overall calculation of the Solvency Capital Requirement. Therefore, it would be expected that the undertaking include all relevant risk charges when calculating the solvency capital requirement.
1319	02. Apr 19	article 1(11) of Delegated Regulation (EU) 2015/35)	The definition of written premiums in this article is vague. Should written premiums be "The amount payable by the policy holder excluding insurance premium taxes for insurance or reinsurance cover written during the period whether such premiums relate in whole or in part to insurance or reinsurance cover provided in a different time period."	Written premiums as defined in Article 1(11) do not comprise taxes due on insurance premiums owed by a policyholder or sales intermediary. Written premiums mean the premiums due to an insurance or reinsurance undertaking during a specified time period, regardless of whether such premiums relate in whole or in part to insurance or reinsurance cover provided in a different time period, and regardless of the period in which the cover was written or the period in which the related insurance cover is being provided.
1425	02. Apr 19	Delegated Acts Article 197(5)(b)	In the situation of Article 197(5)(b) of the Delegated Acts, should the reinsurance recoverable be included in the calculation of the capital requirement for market risk or not?	Insofar as no specific exemptions are defined in Article 197(5)(a) or (b), recoverables should be included in both calculations.
1353	03. Apr 19	Article 129 Paragraph 2 Deemed policy limit	MTPL bsuiness: Insurance contract is concluded with particular limits (e.g. in Czech Republic typically 35/35, 75/75, 100/00 where X/X refers to "bodily injury/material injury"). These are deemed policy limits. Nevertless insurance company covers also damages outside Czech Republic where limits can be "unlimited" (e.g. in France) regardeless what is stated in the insurance contract. Where such contracts (cars) should be assigned: a) Na (deemed policy limit above EUR 24 000 000) b) Nb (deemed policy limit below or equal to EUR 24 000 000)	The formula provided in Article 129 of the Delegated Regulation (EU) 2015/35 requests insurance and reinsurance undertakings to determine the number of vehicles with a deemed policy limit above EUR 24 million (Na) and the number of vehicles with a deemed policy limit below or equal EUR 24 million (Nb). In both cases, the number of vehicles should be determined only by looking at the policy conditions and not by looking at the countries where the vehicles will be driven.
1719	05. Apr 19	Solvency II Delegated Regulation ▪Article 248 on the minimum capital requirement ▪Article 249 on the linear minimum capital requirement ▪Article 250 on the linear formula component for non-life obligations ▪Article 251 on the linear formula component for life obligations Implementing Technical Standards ▪templates for the submission of information to the supervisory authorities	How should a non-life undertaking calculate the linear MCR for its occupational disability insurance? What extent of disability do the non-life undertakings assume when calculating the Capital At Risk (CAR) as part of their linear MCR calculation?	Provided that the technical basis is consistent with the nature of the risks relating to the obligation, obligations of occupational disability insurance pursued on a similar technical basis to that of life insurance should be included in the calculation of the linear formula component for life insurance and reinsurance obligations as set out in Article 251 of the Delegated Regulation. For the calculation set out in Article 251(1)(e)(i) of the Delegated Regulation the extent of disability should be used that produces the highest capital at risk.
1451	06. Mai 19	Annex I - Lines of Business Articles 120-126 and 130	We would appreciate some clarification on the allocation to Solvency II line of business of property cover for offshore wind turbines. Further, could you therefore confirm that there is no catastrophe charge for offshore wind turbines, given there is no natural catastrophe charge (onshore assets only) and man-made catastrophe relates only to platforms and tankers?	Annex 1 of Commission Delegated Regulation (EU) 2015/35 sets up a number of lines of business under line 5 (Other motor insurance) and 6 (Marine, aviation and transport insurance). They do not include offshore wind turbines. As stated, the line of business 7 (Fire and other damage to property insurance) covers obligations which cover all damage to or loss of property other than those included in the lines of business 5 and 6. It seems appropriate to include offshore wind turbines. Please note that obligations in this line of business face certain catastrophe risks, including for instance fire risk (article 132 of Commission Delegated Regulation (EU) 2015/35).