**Annex II**

**S.26.07 - Solvency Capital Requirement – Simplifications**

**General comments:**

This Annex contains additional instructions in relation to the templates included in Annex I of this Regulation. The first column of the next table identifies the items to be reported by identifying the columns and lines as showed in the template in Annex I.

This annex relates to annual submission of information for individual entities, ring fenced-funds, matching adjustment portfolios and remaining part.

Template SR.26.07.01 has to be filled in for each ring-fenced fund (RFF), each matching adjustment portfolio (MAP) and for the remaining part. However, where a RFF/MAP includes a MAP/RRF embedded, the fund should be treated as different funds. This template should be reported for all sub-funds of a material RFF/MAP as identified in the second table of S.01.03.

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|  | | **ITEM** | **INSTRUCTIONS** |
| Z0010 | | Article 112 | Identifies whether the reported figures have been requested under Article 112(7), to provide an estimate of the SCR using standard formula. One of the options in the following closed list shall be used:  1 – Article 112(7) reporting  2 – Regular reporting |
| Z0020 | | Ring-fenced fund, matching adjustment portfolio or remaining part | Identifies whether the reported figures are with regard to a RFF, matching adjustment portfolio or to the remaining part. One of the options in the following closed list shall be used: 1 – RFF/MAP  2 – Remaining part |
| Z0030 | | Fund/Portfolio number | When item Z0020 = 2, then report “0”, identification number for a ring fenced fund or matching adjustment portfolio. This number is attributed by the undertaking and must be consistent over time and with the fund/portfolio number reported in other templates.  When item Z0020 = 2, then report “0” |
| Z0040 | | Currency for interest rate risk (captives) | Identify the ISO 4217 alphabetic code of the currency of issue. Each currency shall be reported in a different line |
| **Market risk (including captives)** | | |  |
| R0010/C0010 -C0070 | | Spread risk (bonds and loans) – Market value – by credit quality step | Market value of the assets subject to a capital requirement for spread risk on bonds and loans for each credit quality step where a credit assessment by a nominated ECAI is available |
| R0010/C0080 | | Spread risk (bonds and loans) – Market value – No rating available | Market value of the assets subject to a capital requirement for spread risk on bonds and loans where no credit assessment by a nominated ECAI is available |
| R0020/C0010 -C0070 | | Spread risk (bonds and loans) – Modified duration – by credit quality step | Modified duration in years of the assets subject to a capital requirement for spread risk on bonds and loans for each credit quality step where a credit assessment by a nominated ECAI is available |
| R0020/C0080 | | Spread risk (bonds and loans) – Modified duration – No rating available | Modified duration in years of the assets subject to a capital requirement for spread risk on bonds and loans where no credit assessment by a nominated ECAI is available |
| R0030/C0090 | | Spread risk (bonds and loans) – Increase in unit-linked and index-linked technical provisions | Increase in the technical provisions less risk margin for policies where the policyholders bear the investment risk with embedded options and guarantees that would result from an instantaneous decrease in the value of the assets subject to the capital requirement for spread risk on bonds according to the simplified calculation |
| **Interest rate risk (captives)** | | |  |
| R0040/C0100 | | Interest rate risk (captives) – Capital requirement – Interest rate up – by currency | Capital requirement for the risk of an increase in the term structure of interest rates according to the captive simplified calculation for each currency reported. |
| R0040/C0110 | | Interest rate risk (Captives) – Capital requirement – Interest rate down – by currency | Capital requirement for the risk of a decrease in the term structure of interest rates according to the captive simplified calculation for each currency reported. |
| **Life underwriting risk** | | | |
| R0100/C0120 | Mortality risk – Capital at risk | | Sum of positive capitals at risk as defined in Article 91 of Delegated Regulation 2015/35 for all obligations subject to mortality risk |
| R0100/C0160 | Mortality risk – Average rate t+1 | | Average mortality rate during the following 12 (t+1) months weighted by sum insured for policies with a positive capital at risk |
| R0100/C0180 | Mortality risk – Modified duration | | Modified duration in years of all payments payable on death included in the best estimate for policies with a positive capital at risk |
| R0110/C0150 | Longevity risk – Best estimate | | Best estimate of obligations subject to longevity risk. |
| R0110/C0160 | Longevity risk – Average rate t+1 | | Average mortality rate during the following 12 (t+1) months weighted by sum insured for policies where a decrease in the mortality rate leads to an increase in technical provisions |
| R0110/C0180 | Longevity risk – Modified duration | | Modified duration in years of all payments to beneficiaries included in the best estimate for policies where a decrease in the mortality rate leads to an increase in technical provisions |
| R0120/C0120 | Disability-morbidity risk – Capital at risk | | Sum of positive capitals at risk as defined in article 93 of Delegated Regulation (EU) 2015/35 for all obligations subject to disability-morbidity risk |
| R0120/C0130 | Disability-morbidity risk – Capital at risk t+1 | | Capital at risk as defined in R0120/C0120 after 12 (t+1) months |
| R0120/C0150 | Disability-morbidity risk – Best estimate | | Best estimate of obligations subject to disability-morbidity risk. |
| R0120/C0160 | Disability-morbidity risk – Average rate t+1 | | Average disability-morbidity rate during the following 12 months (t+1) weighted by sum insured for policies with a positive capital at risk |
| R0120/C0170 | Disability-morbidity risk – Average rate t+2 | | Average disability-morbidity rate during the 12 months after the following 12 months (t+2) weighted by sum insured for policies with a positive capital at risk |
| R0120/C0180 | Disability-morbidity risk – Modified duration | | Modified duration in years of all payments on disability-morbidity included in the best estimate for policies with a positive capital at risk |
| R0120/C0200 | Disability-morbidity risk – Termination rates | | Expected termination rates during the following 12 months for policies with a positive capital at risk |
| R0130/C0140 | Lapse risk (up) – Surrender strain | | Sum of all positive surrender strains as defined in Article 95 of Delegated Regulation (EU) 2015/35. |
| R0130/C0160 | Lapse risk (up) – Average rate (t+1) | | Average lapse rate for policies with positive surrender strains |
| R0130/C0190 | Lapse risk (up) – Average run off period | | Average period in years over which the policies with a positive surrender strain run off |
| R0140/C0140 | Lapse risk (down) – Surrender strain | | Sum of all negative surrender strains as defined in Article 95 of Delegated Regulation (EU) 2015/35. |
| R0140/C0160 | Lapse risk (down) – Average rate (t+1) | | Average lapse rate for policies with negative surrender strains |
| R0140/C0190 | Lapse risk (down) – Average run off period | | Average period in years over which the policies with a negative surrender strain run off |
| R0150/C0180 | Life expense risk – Modified duration | | Modified duration in years of the cash flows included in the best estimate of life insurance and reinsurance obligations |
| R0150/C0210 | Life expense risk – Payments | | Expenses paid related to life insurance and reinsurance during the last 12 months |
| R0150/C0220 | Life expense risk – Average inflation rate | | Weighted average inflation rate included in the calculation of the best estimate of those obligations, where the weights are based on the present value of expenses included in the calculation of the best estimate for servicing existing life obligations. |
| R0160/C0120 | Life catastrophe risk – Capital at risk | | Sum of positive capitals at risk as defined in article 96 of Delegated Regulation (EU) 2015/35. |
| **Health underwriting risk** | | | |
| R0200/C0120 | Health mortality risk – Capital at risk | | Sum of positive capitals at risk as defined in Article 97 of Delegated Regulation 2015/35for all obligations subject to health mortality risk |
| R0200/C0160 | Health mortality risk – Average rate t+1 | | Average mortality rate during the following 12 months (t+1) weighted by sum insured for policies with a positive capital at risk |
| R0200/C0180 | Health mortality risk – Modified duration | | Modified duration in years of all payments payable on death included in the best estimate for policies with a positive capital at risk |
| R0210/C0150 | Health longevity risk – Best estimate | | Best estimate of obligations subject to health longevity risk. |
| R0210/C0160 | Health longevity risk – Average rate t+1 | | Average mortality rate during the following 12 months (t+1) weighted by sum insured for policies where a decrease in the mortality rate leads to an increase in technical provisions |
| R0210/C0180 | Health longevity risk – Modified duration | | Modified duration in years of all payments to beneficiaries included in the best estimate for policies where a decrease in the mortality rate leads to an increase in technical provisions |
| R0220/C0180 | Health disability-morbidity risk (medical expenses) – Modified duration | | Modified duration in years of the cash flows included in the best estimate of medical expense insurance and reinsurance obligations |
| R0220/C0210 | Health disability-morbidity risk (medical expenses) – Payments | | Expenses paid related to medical expense insurance and reinsurance during the last 12 months |
| R0220/C0220 | Health disability-morbidity risk (medical expenses) – Average inflation rate | | Weighted average rate of inflation on medical payments included in the calculation of the best estimate of those obligations, where the weights are based on the present value of medical payments included in the calculation of the best estimate of those obligations. |
| R0230/C0120 | Health disability-morbidity risk (income protection) – Capital at risk | | Sum of positive capitals at risk as defined in article 100 of Delegated Regulation (EU) 2015/35 for all obligations subject to disability-morbidity risk (income protection) |
| R0230/C0130 | Health disability-morbidity risk (income protection) – Capital at risk t+1 | | Capital at risk as defined in R0230/C0120 after 12 months |
| R0230/C0150 | Health disability-morbidity risk (income protection) – Best estimate | | Best estimate of obligations subject to disability-morbidity risk. |
| R0230/C0160 | Health disability-morbidity risk (income protection) – Average rate t+1 | | Average disability-morbidity rate during the following 12 (t+1) months weighted by sum insured for policies with a positive capital at risk |
| R0230/C0170 | Health disability-morbidity risk (income protection) – Average rate t+2 | | Average disability-morbidity rate during the 12 months after the following 12 months (t+2) weighted by sum insured for policies with a positive capital at risk |
| R0230/C0180 | Health disability-morbidity risk (income protection) – Modified duration | | Modified duration in years of all payments on disability-morbidity included in the best estimate for policies with a positive capital at risk |
| R0230/C0200 | Health disability-morbidity risk (income protection) – Termination rates | | Expected termination rates during the following 12 months for policies with a positive capital at risk |
| R0240/C0140 | Health SLT lapse risk (up) – Surrender strain | | Sum of all positive surrender strains as defined in Article 102 of Delegated Regulation (EU) 2015/35. |
| R0240/C0160 | Health SLT lapse risk (up) – Average rate t+1 | | Average lapse rate for policies with positive surrender strains |
| R0240/C0190 | Health SLT lapse risk (up) – Average run off period | | Average period in years over which the policies with a positive surrender strain run off |
| R0250/C0140 | Health SLT lapse risk (down) – Surrender strain | | Sum of all negative surrender strains as defined in Article 102 of Delegated Regulation (EU) 2015/35. |
| R0250/C0160 | Health SLT lapse risk (down) – Average rate t+1 | | Average lapse rate for policies with negative surrender strains |
| R0250/C0190 | Health SLT lapse risk (down) – Average run off period | | Average period in years over which the policies with a negative surrender strain run off |
| R0260/C0180 | Health expense risk – Modified duration | | Modified duration in years of the cash flows included in the best estimate of health insurance and reinsurance obligations |
| R0260/C0210 | Health expense risk – Payments | | Expenses paid related to health insurance and reinsurance during the last 12 months |
| R0260/C0220 | Health expense risk – Average inflation rate | | Weighted average inflation rate included in the calculation of the best estimate of these obligations, weighted by the present value of expenses included in the calculation of the best estimate for servicing existing health obligations. |