**Technical Annex B**

**S.41.01. - Lapses**

**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 quarterly submission of information for financial stability purposes for individual entities and groups.

|  |  |  |
| --- | --- | --- |
|  | **ITEM** | **INSTRUCTIONS** |
| C0010/R0010 | Lapse/surrender rate contracts | Number of life (excl. health) contracts (policies, not IFRS 4 contracts, direct business only) fully or partially lapsed or surrendered during the reporting period divided by the number of life contracts at the beginning of the period. The reporting period is defined on a year to date basis. Unit linked contracts should not be considered. However, unitised with-profits which contain elements of guarantees or where the full risk of price changes in the underlying portfolio is not born by policy holders should not be excluded.  A partial surrender is considered one surrender. Policies that are premium paying at the start of the reporting period and which become paid up during the reporting period should be included in the calculation.  The indicator should reflect all life business. Annuity business should therefore be included within the denominator even if they cannot lapse. |
| C0010/R0020 | Lapse/surrender rate volume | Volume (the amount of technical provisions according to the Solvency II balance sheet) of life (excl. health) contracts (direct business only) fully or partially lapsed or surrendered during the reporting period divided by the volume (the amount of technical provisions) of life contracts at the beginning of the period. The reporting period is defined on a year to date basis. Unit linked contracts should not be considered. However, unitised with-profits which contain elements of guarantees or where the full risk of price changes in the underlying portfolio is not born by policy holders should not be excluded.  Where material and affecting technical provisions, deferred payments should be included in the calculation. Policies that are premium paying at the start of the reporting period and which become paid up during the reporting period should be included in the calculation.  The indicator should reflect all life business. Annuity business should therefore be included within the denominator even if they cannot lapse. |