

Technical specification for the calculation of  
criteria for Small and Non-Complex  
Undertakings (SNCUs) and Groups (SNCGs)

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## BACKGROUND

1. The review of the Directive 2009/138/EC (hereinafter, “Solvency II Directive”) introduced a strengthened framework to apply the principle of proportionality, aimed at ensuring that regulatory requirements are applied in a manner commensurate with the nature, scale and complexity of undertakings and groups. A key feature of this revised framework is the new category of Small and Non-Complex Undertakings (SNCUs) and Groups (SNCGs). These are identified on the basis of a limited set of quantitative (and qualitative) criteria, which must be met consistently for two consecutive financial years. The quantitative criteria are identified, respectively at solo and group level, under Article 29a and Article 213a of the Solvency II Directive, and are calibrated using a variety of metrics.
2. The scope of this document is to provide operational guidance to undertakings and supervisory authorities to support the accurate identification of eligible undertakings and the consistent calculation of the applicable risk indicators. The overarching objective is to ensure a convergent implementation of the new framework across Member States from the date of entry into application of the amended Solvency II Directive. By promoting consistent supervisory practices and a common understanding of the framework, this document contributes to ensure a high, effective and consistent level of supervision across Europe.
3. This document has been drafted to reflect the content of the Solvency II Directive and the amending Directive (EU) 2025/2, as in force at the date of its publication. The technical specifications for the calculation of the risk indicators pursuant to Article 29a of Solvency II Directive are based on the current version of the Implementing Technical Standards with regard to the templates for the submission of information to the supervisory authorities, i.e. Commission Implementing Regulation (EU) 2023/894 (hereinafter, “ITS on Reporting”). Where necessary, the document also clarifies how the indicators are to be calculated in specific cases where the relevant information may not be fully reflected in the reporting templates.
4. This document is intended without prejudice to the general principle of proportionality under Article 29(3) of Solvency II Directive and to the process available to undertakings that do not fulfil the SNC criteria to apply for proportionality measures under Article 29d of the Solvency II Directive, which represent an additional facet of proportionality framework.
5. This document may be further amended, where necessary, to ensure the continuous correct identification and calculation of the risk indicators following any possible future amendments to the Solvency II regulatory framework<sup>1</sup>.

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<sup>1</sup> Based on the draft amendments of the ITS on Reporting submitted to the European Commission on 30 March 2026, reflecting changes from the Solvency II Review including proposals for reporting burden reduction, no material changes are expected for the technical

6. This document was approved by EIOPA Board of Supervisors on 24 March 2026.

# 1. ELIGIBILITY REQUIREMENTS

## 1.1. QUALITATIVE CRITERIA

7. A set of qualitative criteria is applied to identify undertakings that, by their nature, cannot be considered small and non-complex<sup>2</sup>.
8. In particular, undertakings that rely on approved partial or full internal models for the calculation of the Solvency Capital Requirement are excluded from the small and non-complex status, as the use of such models reflects a higher level of organizational complexity.
9. Similarly, undertakings that act as parent entities of financial conglomerates or of insurance groups subject to group supervision are not eligible, unless the group itself qualifies as small and non-complex. The classification also excludes undertakings that are parent undertakings of entities referred to in Article 228(1), points (a) to (e), of Solvency II Directive as well as undertakings that manage group pension funds where the total value of the assets exceeds EUR 1 billion.
10. At group level, Article 213a(4) of the amended Solvency II Directive mirrors the qualitative exclusion criteria. In particular, groups that qualify as financial conglomerates, groups that include at least one subsidiary undertaking as specified in Article 228(1) of Solvency II Directive, or groups that use an approved partial or full internal model to calculate the group SCR can never be classified as small and non-complex groups, regardless of their quantitative profile.
11. These qualitative criteria ensure that undertakings with complex group structures, advanced risk modelling frameworks or significant pension-related activities are not classified as small and non-complex, irrespective of their quantitative profile.

## 1.2. QUANTITATIVE CRITERIA

12. The quantitative criteria consist of risk-based and volume-based indicators that are differentiated according to the nature and the risks of the business carried out by the undertaking, namely life insurance, non-life insurance, or a combination of both. For this purpose, the new proportionality framework distinguishes between undertakings pursuing life activities, undertakings pursuing non-life activities, and undertakings pursuing both life and non-life activities. For a detailed overview on how to identify the type of activities pursued by an undertaking and the applicable materiality of the life and/or non-life activities, see section 2.

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<sup>2</sup> Articles 29a(3) and 213a(4) of the Solvency II Directive.

13. Small and non-complex undertakings are therefore undertakings that satisfy all qualitative criteria set out in Article 29a and 213a of the amended Solvency II Directive (see Section 1.1), and fulfill all the following nine criteria, depending on the nature of their activities:
- i. The ratio of the net SCR for interest rate risk submodule over the gross technical provisions is not higher than 5 %. This criterion applies to undertakings pursuing life activities and to undertakings pursuing both life and non-life activities, only when the life business exceeds a certain materiality threshold (see section 2.1.2);
  - ii. The average combined ratio for non-life activities net of reinsurance for the last three years is less than 100 %. This criterion applies to undertakings pursuing non-life activities and to undertakings pursuing both life and non-life activities (but limited to the non-life business), only when the non-life business exceeds a certain materiality threshold (see section 2.1.2);
  - iii. The cross-border gross written premium income is lower than either (a) EUR 20 million or (b) 10 % of the total gross written premium income. This criterion applies to all types of undertakings.
  - iv. The gross technical provisions from life activities are not higher than EUR 1 billion. This criterion applies to undertakings pursuing life activities and to undertakings pursuing both life and non-life activities (but limited to the life business), only when the life business exceeds a certain materiality threshold (see section 2.1.2);
  - v. The annual gross written premium income from non-life activities is not higher than EUR 100 million. This criterion applies to undertakings pursuing non-life activities and to undertakings pursuing both life and non-life activities (but limited to the non-life business), only when the non-life business exceeds a certain materiality threshold (see section 2.1.2);
  - vi. The annual gross written premiums deriving from Marine, Aviation and Transport or Credit and Suretyship line of business (hereinafter, “MAT business”) is not higher than 30% of the annual gross written premiums. This criterion applies to undertakings pursuing non-life activities and to undertakings pursuing both life and non-life activities, only when the non-life business exceeds a certain materiality threshold (see section 2.1.2);
  - vii. The sum of (a) market risk module, (b) the part of the counterparty default risk module referred to in Article 105(6), that corresponds to exposures to securitisations, derivatives, receivables from intermediaries and other investment assets which are not covered in the spread risk sub-module, (c) any capital requirement applicable to investments in intangible assets is not higher than 20 % of total investments. This criterion applies to all types of undertaking.
  - viii. The accepted reinsurance is not higher than 50 % of total annual gross written premium income. This criterion applies to all types of undertaking.

- ix. The Solvency Capital Requirement (SCR) is complied with. This criterion applies to all types of undertaking.
14. Given the specific risk profile and business model of captive insurance undertakings and captive reinsurance undertakings, a tailored regime applies to their classification as small and non-complex undertakings. In particular, the indicators relating to cross-border activity and accepted reinsurance do not apply to captives<sup>3</sup>.
15. Furthermore, by way of derogation, captive insurance and captive reinsurance undertakings may still be classified as small and non-complex even where they do not meet the above criteria, provided that their activities are strictly limited to insuring risks within the group to which they belong. This requires that insured persons and beneficiaries are exclusively legal entities of the group, or natural persons eligible to be covered under the group's insurance policies, provided that business covering natural persons remains below 5% of technical provisions. In addition, the insurance obligations, as well as the insurance contracts underlying reinsurance obligations, must not include any compulsory third-party liability insurance.
16. Groups within the meaning of Article 212 of Solvency II Directive that are subject to group supervision pursuant to Article 213(2), points (a) and (b), of Solvency II Directive may be classified as small and non-complex groups by the group supervisor, provided that they meet the quantitative and qualitative criteria at the level of the group. The criteria mirror, although using a partly different terminology, those applicable to solo undertakings, while reflecting the specific features of group structures. This occurs specifically for the indicators relating to cross-border activity and the SCR compliance (see respectively sections 3.3.2 and 3.9).
17. Compliance with the SNC criteria shall be assessed with reference to the last two consecutive financial years directly prior to such classification.
18. For undertakings that have obtained authorization within the last two financial years, compliance with the SNC criteria is assessed on a proportionate basis. Where at least one full financial year of activity is available, the assessment is carried out with reference to the most recent financial year preceding the classification. Where the authorization has been granted within the last 12 months and historical financial data is not yet available, the assessment is instead based on the scheme of operations submitted pursuant to Article 23 of Solvency II Directive<sup>4</sup>.
19. Similarly, at group level the assessment of the SNC criteria is based on consolidated data and, as a general rule, covers the last two financial years preceding the classification. Where group

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<sup>3</sup> Article 29a(1), second and third subparagraph of the Solvency II Directive.

<sup>4</sup> Article 29a(2) of the Solvency II Directive.

supervision has applied for less than two years, only the most recent financial year is taken into account<sup>5</sup>.

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<sup>5</sup> Article 213a(3) of the Solvency II Directive.

## 2. SMALL AND NON-COMPLEX UNDERTAKINGS AND GROUPS

### 2.1. SOLO UNDERTAKINGS

20. The new proportionality framework resulting from the review of Solvency II Directive introduced the new category of small and non-complex undertakings. These entities are identified on the basis of a limited set of quantitative (and qualitative) criteria, which must be met consistently for two consecutive financial years. The quantitative criteria are identified under Article 29a of Solvency II Directive, and are calibrated using a variety of metrics.
21. The applicability of the quantitative criteria is based on the type of business written by undertakings and the nature of the risks affecting their business.

#### 2.1.1. APPROACH TO THE CATEGORISATION OF INSURANCE ACTIVITIES

22. As a general rule, undertakings should be categorized by reference to the authorization they hold to pursue business in life or non-life, or both, insurance classes as defined in Annex I and II of Solvency II Directive. Moreover, for the purpose of these specifications, “life activities” should be interpreted as referring to both life insurance and life reinsurance activities, and “non-life activities” to non-life insurance and non-life reinsurance activities.
23. Nevertheless, the new proportionality framework reflects a risk-based approach, and the calculation of the risk indicators shall also consider the combined reading of Article 80 of Solvency II Directive and Article 55 of the Delegated Regulation (EU) 2015/35 (hereinafter, “Delegated Regulation”). Indeed, according to Article 80 of Solvency II Directive, insurers shall segment their obligations into homogeneous risk groups, and as a minimum by lines of business, when calculating their technical provisions. Article 55 of the Delegated Regulation further elaborates that the lines of business referred to in Article 80 shall be those set out in Annex I to the Delegated Regulation, and the assignment of an obligation to a line of business shall reflect the nature of the risks relating to the obligation; the legal form of the obligation shall not necessarily be determinative of the nature of the risk.
24. Therefore, while undertakings may only carry out the types of business for which they are authorized, the underlying obligations shall be allocated to the relevant line of business in a manner that reflects the nature of the risks arising from those activities, and reported in the relevant QRTs accordingly.
25. Undertakings shall therefore be assessed against the risk indicators that are appropriate to their underlying risk profile. While in the majority of cases the authorisation corresponds to the nature of the risks underwritten, in certain situations undertakings may have a risk profile that

differs from their legal classification. This may occur, for example, where undertakings have health insurance obligations modelled according to life insurance techniques. In such circumstances, although the undertaking may be authorised to pursue business in non-life insurance classes, it may be exposed to a significant amount of life risks.

26. In those cases, NCAs may, where appropriate and feasible, assess the materiality of the life obligations vis-à-vis the non-life obligations of the undertakings, and apply the relevant (life and/or non-life) indicators that best reflect the risk profile of the supervised entities.
27. This approach is intended solely to pre-identify and select the relevant life or non-life SNC criteria to be assessed for the SNC status. The calculation of each individual criterion shall be based on the applicable life or non-life lines of business and carried out in accordance with the corresponding reporting framework.

### 2.1.2. UNDERTAKINGS PURSUING BOTH LIFE AND NON-LIFE ACTIVITIES

28. Undertakings pursuing both life and non-life activities are required to apply the risk indicators only when the life or non-life business exceeds a certain materiality threshold. To this end, the new proportionality framework specifies some ratios to measure the materiality of life and non-life part of the whole business.
29. As a result, the criterion based on the ratio of SCR for interest risk on technical provisions is applicable only to undertakings pursuing both life and non-life activities where life business is material and it is calculated for the total business. Similarly, the criterion based on the combined ratio and the MAT criterion apply only to undertakings pursuing both life and non-life activities where the non-life business is material.

#### How to calculate life materiality

30. Taking into consideration the current ITS on reporting, the life activities are considered material for the purpose of Article 29a in accordance with the following formula:

$$\frac{\text{Life Gross TP}}{\text{Total Gross TP}} \geq 20\%$$

31. For the purpose of this calculation, the following QRT data points should be used as reference:

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#### SOLO

##### Reference template(s)

S.02.01 (*Balance sheet*)

##### Numerator

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S.02.01.01.01 (*Solo reporting*)

C0010/R0600 (*Technical provisions - life (excluding index-linked and unit-linked)*)

C0010/R0690 (*Technical provisions - index-linked and unit-linked*)

**Denominator**

S.02.01.01.01 (*Solo reporting*)

C0010/R0510 (*Technical provisions - non-life*)

C0010/R0600 (*Technical provisions - life (excluding index-linked and unit-linked)*)

C0010/R0690 (*Technical provisions - index-linked and unit-linked*)

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**How to calculate non-life materiality**

32. Taking into consideration the current ITS on reporting, the non-life activities are considered material for the purpose of Article 29a in accordance with the following formula:

$$\frac{\text{Non - life GWP}}{\text{Total GWP}} \geq 40\%$$

33. For the purpose of this calculation, the following QRT data points should be used as reference:

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**SOLO**

**Reference template(s)**

S.05.01 (*Premiums, claims and expenses by line of business*)

**Numerator**

S.05.01.01.01 (*Solo reporting*)

- C0200/R0110 (*Gross - Direct Business*)
- C0200/R0120 (*Gross - Proportional reinsurance accepted*)
- C0200/R0130 (*Gross - Non-proportional reinsurance accepted*)

**Denominator**

S.05.01.01.01 (*Solo reporting*)

- C0200/R0110 (*Gross - Direct Business*)
- C0200/R0120 (*Gross - Proportional reinsurance accepted*)
- C0200/R0130 (*Gross - Non-proportional reinsurance accepted*)

S.05.01.01.02 (*Solo reporting*)

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· C0300/R1410 (*Gross Premiums Written - Total*)

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## 2.2 GROUPS

34. The proportionality framework applicable to solo undertakings is extended to insurance and reinsurance groups subject to group supervision in order to ensure a consistent and risk-sensitive application of proportionality at consolidated level.
35. For the purpose of classifying groups as small and non-complex, the application of the quantitative criteria depends on the type of insurance activities carried out by individual undertakings belonging to the group. Where at least one insurance or reinsurance undertaking within the scope of the group carries out life insurance activities (see Section 2.1.1), the group is required to meet the life-specific criteria at consolidated level. Where at least one undertaking within the scope of the group carries out non-life insurance activities (see Section 2.1.1), the group is required to meet the non-life-specific criteria at consolidated level. Groups carrying out both life and non-life insurance activities are required to meet both sets of criteria.

### 3. RISK INDICATORS

36. This sub-section includes technical specifications for the calculation of the nine risk indicators to be applied to consider undertakings and groups as small and non-complex.

#### 3.1. INTEREST RATE RISK CRITERION

37. This indicator is based on the SCR for market risk, and in particular on the interest rate risk sub-module, which provides a standardized measure of the sensitivity of assets and liabilities to changes in interest rates.

38. The use of the interest rate risk sub-module offers several advantages. It captures both assets and liabilities under a total balance sheet approach, is risk-adjusted rather than purely size-based, and does not require additional calculations, as undertakings already report SCR figures that reflect the combined impact of asset-liability characteristics, guarantees and risk-mitigation arrangements.

39. For the purpose of this indicator, the interest rate risk sub-module of the SCR should be taken net (i.e. after adjustment for the loss absorbing capacity of technical provisions and the use of financial risk-mitigation techniques) to align it with the valuation approaches inherent in the Solvency II balance sheet.

#### How to calculate the criterion

40. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

$$\frac{Net\ SCR_{Interest\ rate\ risk}}{Total\ Gross\ TP} \leq 5\%$$

41. For the purpose of this calculation, the following QRT data points should be used as reference:

SOLO	GROUP
<b>Reference template(s)</b>	
S.26.01 ( <i>Solvency Capital Requirement - Market risk</i> )	
S.02.01 ( <i>Balance sheet</i> )	

<b>Numerator</b>	
S.26.01.01.02 ( <i>Solo reporting</i> ) [ C0060/R100 ( <i>Interest rate risk - Net</i> ) ]	S.26.01.04.02 ( <i>Group reporting</i> ) [ C0060/R100 ( <i>Interest rate risk - Net</i> ) ]
<b>Denominator</b>	
S.02.01.01.01 ( <i>Solo reporting</i> ) [ C0010/R0510 ( <i>Technical provisions - non-life</i> ) + C0010/R0600 ( <i>Technical provisions - life (excluding index-linked and unit-linked)</i> ) + C0010/R0690 ( <i>Technical provisions - index-linked and unit-linked</i> ) ]	S.02.01.01.01 ( <i>Group reporting</i> ) [ C0010/R0510 ( <i>Technical provisions - non-life</i> ) + C0010/R0600 ( <i>Technical provisions - life (excluding index-linked and unit-linked)</i> ) + C0010/R0690 ( <i>Technical provisions - index-linked and unit-linked</i> ) ]

### 3.2. AVERAGE COMBINED RATIO CRITERION

42. The combined ratio is a key risk indicator that provides insight into the technical performance of an undertaking's non-life activities. It measures the adequacy of premiums charged relative to claims incurred and the related expenses, including acquisition, claims handling, administrative and overhead costs, while also reflecting the effect of risk transfer to reinsurers. As such, the net combined ratio is defined as the sum of the net claims (loss) ratio<sup>6</sup> and the net expense ratio<sup>7</sup>.
43. In order to appropriately reflect the mitigating effect of reinsurance, particularly in relation to large or catastrophic claims, the combined ratio is calculated net of reinsurance. This ensures that the indicator captures the undertaking's residual underwriting risk and provides a more accurate representation of its risk profile, where effective reinsurance arrangements contribute to a lower level of risk.
44. While no single threshold is universally applicable, as the combined ratio depends on the underlying lines of business and its development over time, a net combined ratio below 100% indicates that underwriting activities are profitable on a technical basis, excluding investment income. Accordingly, for an undertaking to be classified as small and non-complex, the average net combined ratio for its non-life business as a whole over the last three financial years is expected to be below 100%.

<sup>6</sup> Total non-life net claims incurred (sum of the net claims paid and the change in the net provision for claims during the reporting period) divided by the non-life net earned premiums.

<sup>7</sup> Total non-life net expenses incurred (excluding investment expenses) during the reporting period divided by the non-life net earned premiums.

## How to calculate the criterion

45. Taking into consideration the current ITS on reporting, the risk indicator corresponds to the average of the combined ratio (net of reinsurance) determined for the last three financial years, calculated with the following formula:

$$\frac{1}{3} \sum_{year=1,2,3} \frac{Net\ Claims\ Incurred_{year} + Net\ Expenses\ Incurred_{year}}{Net\ Earned\ Premiums_{year}} \leq 100\%$$

46. For the purpose of this calculation, the following QRT data points should be used as reference:

SOLO	GROUP
<b>Reference template(s)</b>	
S.05.01 ( <i>Premiums, claims and expenses by line of business</i> )	
<b>Numerator</b>	
S.05.01.01.01 ( <i>Solo reporting</i> )	S.05.01.01.01 ( <i>Group reporting</i> )
[ C0200/R0400 ( <i>Claims incurred – Net</i> ) + C0200/R0700 ( <i>Administrative expenses – Net</i> ) + C0200/R0900 ( <i>Claims management expenses – Net</i> ) + C0200/R1000 ( <i>Acquisition expenses – Net</i> ) + C0200/R1100 ( <i>Overhead expenses – Net</i> )	[ C0200/ R0400 ( <i>Claims incurred – Net</i> ) + C0200/R0700 ( <i>Administrative expenses – Net</i> ) + C0200/R0900 ( <i>Claims management expenses – Net</i> ) + C0200/R1000 ( <i>Acquisition expenses – Net</i> ) + C0200/R1100 ( <i>Overhead expenses – Net</i> )
<b>Denominator</b>	
S.05.01.01.01 ( <i>Solo reporting</i> )	S.05.01.01.01 ( <i>Group reporting</i> )
[ C0200/R0300 ( <i>Premiums earned – Net</i> ) ]	[ C0200/R0300 ( <i>Premiums earned – Net</i> ) ]

### Additional issues to be considered

47. EIOPA acknowledges that, under the current Implementing Technical Standards on reporting, Solvency II template S.05.01 is reported on an accounting basis, namely local GAAP or IFRS where accepted as local GAAP, while using Solvency II lines of business as defined in Annex I to Delegated Regulation (EU) 2015/35.
48. In some cases, annuities arising from non-life insurance contracts (e.g. in the Motor Third Party Liability (MTPL) Line of Business) may not be separately identified from the underlying non-life lines of business and may be included within claims provisions, typically as annuity-type

reserves. Although the cost of such annuities is reflected in the pricing of non-life insurance policies, premiums may not be explicitly split to isolate the annuity component and are therefore fully reported as non-life premiums in template S.05.01.01.01. By contrast, the claims and expenses related to these annuities, which are calculated using life actuarial techniques and are linked to life technical provisions, are reported in template S.05.01.01.02.

49. This reporting asymmetry could result in an inconsistency in the calculation of the combined ratio, whereby premiums relating to annuity business are fully included in the denominator, while the corresponding claims and expenses are only partially reflected in the numerator. This may lead to an underestimation of the combined ratio and, consequently, a misleading assessment of the technical performance of non-life underwriting activities at both solo and group level.
50. While recognizing national specificities in accounting and reporting practices, EIOPA considers it necessary to ensure that the data used in the calculation of the combined ratio are coherent and that both the numerator and the denominator reflect comparable elements. NCAs are therefore recommended to verify the consistency of the combined ratio reported in the undertaking's submissions with the calculation methodology set out in this technical document. However, in cases where the local accounting practices do not allow that, NCAs are recommended to assess how the numerator (e.g. by integrating the claims and expenses related to annuities stemming from non-life contracts) and the denominator (e.g. by subtracting the premiums underwritten for the annuities stemming from non-life contracts) can be reconciled to ensure alignment with the intended scope of this indicator.

### **3.3. CROSS BORDER BUSINESS CRITERION**

51. The freedom to establish branches and provide cross-border services allows insurance and reinsurance undertakings to operate beyond their home markets, bringing potential benefits to policyholders. However, as demonstrated by several cases came across by EIOPA in the last years, cross-border activity typically involves higher risk and complexity than purely domestic business.
52. Undertakings with a significant share of cross-border business face additional challenges, including greater market uncertainty, the need for knowledge of local market conditions, robust governance systems, and effective cooperation between home and host supervisory authorities.
53. To ensure that an undertaking can be classified as small and non-complex, the volume of cross-border business must remain limited relative to its total business.

### 3.3.1. SOLO UNDERTAKINGS

54. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

#### How to calculate the criterion

$$\frac{GWP\ NL\ EEA\ Host\ Country + GWP\ Life\ EEA\ Host\ Country}{Total\ GWP\ NL + Total\ GWP\ Life} \leq 10\%$$

or

$$GWP\ NL\ EEA\ Host\ Country + EEA\ GWP\ Life\ Host\ Country \leq EUR\ 20\ million$$

55. As a preliminary step, the QRT datapoints related to the annual gross written premium income from business underwritten in Member States other than the home Member State shall be identified as follow:

BUSINESS UNDERWRITTEN VIA FOE

#### SOLO

#### Reference template(s)

S.04.04.01.01 (*By underwriting entity*) combined with S.04.03 (*List of underwriting entities*)

#### Filtering

<b>F1:</b> [S.04.03.01]C0020 ( <i>type of entity</i> ) = "Branch"	EoE is only via branches
<b>F2:</b> [S.04.04.01]NCA_COUNTRY <> [S.04.03.01]C0040 (Country of establishment)	The field [S.04.04.01] NCA_COUNTRY refers to the NCA of the undertaking; it is generated by internal stored procedures from S.01.01
<b>F3:</b> [S.04.04.01]HOME_COUNTRY_CODE <> [S.04.03.01]C0040	The field [S.04.04.01] HOME_COUNTRY refers to the home of the undertaking; it should coincide with the NCA country, therefore this filter is redundant.
<b>F4:</b> [S.04.03.01]C0040 is in EEA_CODES	There might be some non-EEA branches. The data is based on S.04.04.01 and not S.04.04.02, which is restricted to EEA only. The purpose is to reconstruct S.04.01.01 which is restricted to EEA countries only.

#### Indicator

S.04.04.01.01

· C0010/R0020 (*Business underwritten in the country of establishment*)

LIFE DIRECT BUSINESS UNDERWRITTEN VIA FPS

**SOLO**

**Reference template(s)**

S.04.04.01.02 (*By underwriting entity and by EEA country (localization of activity [based on place of underwriting])*) combined with S.04.03 (*List of underwriting entities*)

**Filtering**

<b>F1:</b> [S.04.03.01]C0020 ( <i>type of entity</i> ) = "Branch" or "Head office"	
<b>F2:</b> [S.04.04.02]R0010 <> [S.01.02.01]R0050 (Home Country of the undertaking)	This excludes business underwritten in the home country for head office and for branches. A similar filtering could have been applied to NCA country.
<b>F3:</b> NOT([S.04.03.01]C0020 = "Branch") and [S.04.04.02]R0010 = [S.04.03]C0040	This excludes, for branches only, business underwritten in their country of establishment.
<b>F4:</b> [S.04.04.02]R0010 (Country) is in EEA_CODES	There might be some non-EEA data even if ITS does not require it.
<b>F5:</b> [S.04.03.01]C0020 = "Head office" or ([S.04.03.01]C0020 = "Branch" and [S.04.03.01]C0040 is in EEA_CODES)	This excludes branches outside EEA

**Indicator**

S.04.04.01.02

- C0030/R0020 (*Business underwritten in the considered country through FPS*)

OTHER LOB THAN LIFE BUSINESS UNDERWRITTEN VIA FPS

**SOLO**

**Reference template(s)**

S.04.05.01.02 (*Activity by country - location of risk*) combined with S.04.03 (*List of underwriting entities*)

**Filtering**

<b>F1:</b> [S.04.03.01]C0020 ( <i>type of entity</i> ) = "Branch" or "Head office"	
<b>F2:</b> [S.04.05.02]R0010 <> [S.01.02.01]R0050 (Home Country of the undertaking)	This excludes business for which the risk is in the home country for head office and for branches. A similar filtering could have been applied to NCA country.
<b>F3:</b> NOT([S.04.03.01]C0020 = "Branch") and [S.04.05.02]R0010 = [S.04.03]C0040	This excludes, for branches only, the business located in their country of establishment.
<b>F4:</b> [S.04.05.02]R0010 (Country) is in EEA_CODES	There is for sure non-EEA risk location reported.
<b>F5:</b> [S.04.03.01]C0020 = "Head office" or ([S.04.03.01]C0020 = "Branch" and [S.04.03.01]C0040 is in EEA_CODES)	This excludes branches outside EEA

**Indicator**

S.04.05.01.02

- C0020/R0020 (*Premiums written*)

56. For the purpose of the calculation of the relative threshold, the following QRT data points should be used as reference:

---

**SOLO**

**Reference template(s)**

- S.04.04.01.01 (*By underwriting entity*) combined with S.04.03 (*List of underwriting entities*)
- S.04.04.01.01 (*By underwriting entity*) combined with S.04.03 (*List of underwriting entities*)
- S.04.05.01.02 (*Activity by country - location of risk*) combined with S.04.03 (*List of underwriting entities*)
- S.05.01 (*Premiums, claims and expenses by line of business*)

**Numerator**

- S.04.04.01.01  
[ C0010/R0020 (*Business underwritten in the country of establishment*) ]  
+
- S.04.04.01.02  
[ C0030/R0020 (*Business underwritten in the considered country through FPS*) ]  
+
- S.04.05.01.02  
[ C0020/R0020 (*Premiums written*) ]

**Denominator**

- S.05.01.01.01 (*Solo reporting*)  
[ C0200/R0110 (*Gross - Direct Business*)  
+ C0200/R0120 (*Gross - Proportional reinsurance accepted*)  
+ C0200/R0130 (*Gross - Non-proportional reinsurance accepted*) ]  
+
  - S.05.01.01.02 (*Solo reporting*)  
[ C0300/R1410 (*Gross Premiums Written - Total*) ]
- 

57. For the purpose of the calculation of the absolute threshold, the following QRT data points should be used as reference:

---

**SOLO**

**Reference template(s)**

- S.04.04.01.01 (*By underwriting entity*) combined with S.04.03 (*List of underwriting entities*)
  - S.04.04.01.01 (*By underwriting entity*) combined with S.04.03 (*List of underwriting entities*)
  - S.04.05.01.02 (*Activity by country - location of risk*) combined with S.04.03 (*List of underwriting entities*)
-

Indicator
S.04.04.01.01 [ C0010/R0020 ( <i>Business underwritten in the country of establishment</i> ) ]
+
S.04.04.01.02 [ C0030/R0020 ( <i>Business underwritten in the considered country through FPS</i> ) ]
+
S.04.05.01.02 [ C0020/R0020 ( <i>Premiums written</i> ) ]

### 3.3.2. GROUPS

58. At group level, the cross-border business is assessed through two complementary criteria that capture different aspects of the group's geographical dimension.
59. Point (c) of Article 213a(1) of Solvency II Directive takes the perspective of the location of the head offices of all undertakings within the group. It requires to calculate the extent of business underwritten by insurance and reinsurance undertakings that are part of the group but have their head offices in Member States other than that of the group supervisor. This criterion ensures that groups classified as small and non-complex do not rely to a significant extent on subsidiaries established in other Member States, which would increase the group's organizational complexity and require enhanced coordination between supervisory authorities
60. Point (d) of Article 213a(1) of Solvency II Directive focuses on the geographical distribution of the group's underwriting activities. It considers the volume of business underwritten by the group in Member States other than the Member State of the group supervisor. This captures also situations where a group carries cross-border business via freedom to provide services and freedom of establishment.
61. Under both criteria, the annual gross written premium income must not exceed either EUR 20 million or 10% of the group's total annual gross written premium income.

#### How to calculate the criterion under Point (c) of Article 213a(1) of Solvency II Directive

62. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

$$\frac{(GWP\ NL + GWP\ Life)\ EEA\ related\ undertakings}{Total\ Group\ GWP\ NL + Total\ Group\ GWP\ Life} \leq 10\%$$

$$(GWP\ NL + GWP\ Life)\ EEA\ related\ undertakings \leq EUR\ 20\ million$$

63. As a preliminary step, for the purpose of the notification the group should provide the group supervisor with the total annual gross written premium of all insurance and reinsurance undertakings which have their head offices in Member States other than the Member State of the group supervisor for the last two financial years prior to the notification. Therefore, the numerator will be the result of the sum of all annual gross written premiums of insurance and reinsurance undertakings as reported in the relevant QRT at solo level.
64. For the purpose of the calculation of the relative threshold, the following QRT data points should be used as reference for each group:

**GROUP**

**Reference template(s)**

S.05.01 (*Premiums, claims and expenses by line of business*)

**Numerator**

S.05.01.01.01 (*Solo reporting*)

*The data shall be provided for all insurance and reinsurance undertakings which have their head offices in Member States other than the Member State of the group supervisor*

[ C0200/R0110 (*Gross - Direct Business*)  
 + C0200/R0120 (*Gross - Proportional reinsurance accepted*)  
 + C0200/R0130 (*Gross - Non-proportional reinsurance accepted*) ]  
 +

S.05.01.01.02 (*Solo reporting*)

[ C0300/R1410 (*Gross Premiums Written - Total*) ]

**Denominator**

S.05.01.01.01 (*Group reporting*)

[ C0200/R0110 (*Gross - Direct Business*)  
 + C0200/R0120 (*Gross - Proportional reinsurance accepted*)  
 + C0200/R0130 (*Gross - Non-proportional reinsurance accepted*) ]  
 +

S.05.01.01.02 (*Group reporting*)

[ C0300/R1410 (*Gross Premiums Written - Total*) ]

65. For the purpose of the calculation of the absolute threshold, the following QRT data points should be used as reference:

**GROUP**

**Reference template(s)**

---

S.05.01 (*Premiums, claims and expenses by line of business*)

**Indicator**

S.05.01.01.01 (*Solo reporting*)

*The data shall be provided for all insurance and reinsurance undertakings which have their head offices in Member States other than the Member State of the group supervisor*

[ C0200/R0110 (*Gross - Direct Business*)  
+ C0200/R0120 (*Gross - Proportional reinsurance accepted*)  
+ C0200/R0130 (*Gross - Non-proportional reinsurance accepted*) ]

+

S.05.01.01.02 (*Solo reporting*)

[ C0300/R1410 (*Gross Premiums Written - Total*) ]

---

66. The group supervisor is recommended to rely on the college of supervisors to verify the fulfillment of this criterion following notification from the group.

### How to calculate the criterion under Point (d) of Article 213a(1) of Solvency II Directive

67. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

$$\frac{\text{Group GWP NL EEA Host Country} + \text{Group GWP Life EEA Host Country}}{\text{Total Group GWP NL} + \text{Total Group GWP Life}} \leq 10\%$$

$$\text{Group GWP NL EEA Host Country} + \text{Group GWP Life EEA Host Country} \leq \text{EUR 20 million}$$

68. For the purpose of this criterion, it should be noted that the current ITS on reporting establishes that the S.05.02 is not due at group level when the home country represents 90 % or more of the total gross written premiums. Therefore, a group that does not submit this template in accordance with the instructions of S.05.02 would automatically fulfill the first relative threshold.

69. Moreover, the annual gross written premium income from business underwritten by the group in Member States other than the Member State of the group supervisor shall be calculated by subtracting the annual gross written premium income in the Member state of the group supervisor from the total annual gross written premium income of the group

70. For the purpose of the calculation of the relative threshold, the following QRT data points should be used as reference:

---

**GROUP**

**Reference template(s)**

*S.05.01 (Premiums, claims and expenses by line of business)*

*S.05.02 (Premiums, claims and expenses by country)*

**Numerator**

*S.05.01.01.01 (Group reporting)*

[ *C0200/R0110 (Gross - Direct Business)*  
 + *C0200/R0120 (Gross - Proportional reinsurance accepted)*  
 + *C0200/R0130 (Gross - Non-proportional reinsurance accepted)* ]

+

*S.05.01.01.02 (Group reporting)*

[ *C0300/R1410 (Gross Premiums Written - Total)* ]

-

*S.05.02.04.01 (Group reporting)*

[ *C0080/R0110 (Gross - Direct Business - Home country)*  
 + *C0080/R0120 (Gross - Proportional reinsurance accepted - Home country)*  
 + *C0080/R0130 (Gross - Non-proportional reinsurance accepted - Home country)* ]

-

*S.05.02.04.04 (Group reporting)*

[ *C0220/R1410 (Gross Premiums Written - Home country)* ]

**Denominator**

*S.05.01.01.01 (Group reporting)*

[ *C0200/R0110 (Gross - Direct Business)*  
 + *C0200/R0120 (Gross - Proportional reinsurance accepted)*  
 + *C0200/R0130 (Gross - Non-proportional reinsurance accepted)* ]

+

*S.05.01.01.02 (Group reporting)*

[ *C0300/R1410 (Gross Premiums Written - Total)* ]

---

71. For the purpose of the calculation of the absolute threshold, the following QRT data points should be used as reference:

---

**GROUP**

**Reference template(s)**

*S.05.01 (Premiums, claims and expenses by line of business)*

*S.05.02 (Premiums, claims and expenses by country)*

**Indicator**

---

S.05.01.01.01 (*Group reporting*)

[ C0200/R0110 (*Gross - Direct Business*)  
+ C0200/R0120 (*Gross - Proportional reinsurance accepted*)  
+ C0200/R0130 (*Gross - Non-proportional reinsurance accepted*) ]

+

S.05.01.01.02 (*Group reporting*)

[ C0300/R1410 (*Gross Premiums Written - Total*) ]

-

S.05.02.04.01 (*Group reporting*)

[ C0080/R0110 (*Gross - Direct Business - Home country*)  
+ C0080/R0120 (*Gross - Proportional reinsurance accepted - Home country*)  
+ C0080/R0130 (*Gross - Non-proportional reinsurance accepted - Home country*) ]

-

S.05.02.04.04 (*Group reporting*)

[ C0220/R1410 (*Gross Premiums Written - Home country*) ]

---

#### **Additional issues to be considered**

72. EIOPA acknowledges that, under the current Implementing Technical Standards on reporting, there are data limitations for the purpose of this criterion. Indeed, at group level it is not possible in all cases to differentiate the gross written premiums underwritten in other EEA countries from the gross written premiums underwritten in third countries. Where relevant, groups should include the relevant information on the gross written premiums underwritten in third countries upon notification to the group supervisor. In addition it is noted that , templates S.05.02.04.01 [C0020 to C0060/R0010] and S.05.02.04.04 [C0160 to C0200/R1400] require the reporting of the top 5 countries by amount of gross written premiums. In case third countries appear in the indicated cells, the group supervisor is recommended to reassess the criterion.

### **3.4. LIFE TECHNICAL PROVISIONS CRITERION**

73. The proportionality principle is based on the nature, scale, and complexity of an undertaking, making the size of the undertaking an important factor in its application. Accordingly, for undertakings pursuing life activities and undertakings pursuing both life and non-life activities where life business is material, the size threshold is expressed in terms of life technical provisions (TP).

#### **How to calculate the criterion**

74. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

Gross Life TP  $\leq$  EUR 1 billion

75. For the purpose of this calculation, the following QRT data points should be used as reference:

SOLO	GROUP
<b>Reference template(s)</b>	
S.02.01 ( <i>Balance sheet</i> )	
<b>Indicator</b>	
S.02.01.01.01 ( <i>Solo reporting</i> )	S.02.01.01.01 ( <i>Group reporting</i> )
[ C0010/R0600 ( <i>Technical provisions - life (excluding index-linked and unit-linked)</i> ) + C0010/R0690 ( <i>Technical provisions - index-linked and unit-linked</i> ) ]	[ C0010/R0600 ( <i>Technical provisions - life (excluding index-linked and unit-linked)</i> ) + C0010/R0690 ( <i>Technical provisions - index-linked and unit-linked</i> ) ]

### 3.5. NON-LIFE GROSS WRITTEN PREMIUM CRITERION

76. For undertakings pursuing non-life activities and undertakings pursuing both life and non-life activities where non-life business is material, the size criterion is expressed in terms of non-life gross written premium (GWP).

#### How to calculate the criterion

77. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

Non-life GWP  $\leq$  EUR 100 million

78. For the purpose of this calculation, the following QRT data points should be used as reference:

SOLO	GROUP
<b>Reference template(s)</b>	
S.05.01 ( <i>Premiums, claims and expenses by lines of business</i> )	

Indicator	
S.05.01.01.01 ( <i>Solo reporting</i> )	S.05.01.01.01 ( <i>Group reporting</i> )
[ C0200/R0110 ( <i>Gross - Direct Business</i> ) + C0200/R0120 ( <i>Gross - Proportional reinsurance accepted</i> ) + C0200/R0130 ( <i>Gross - Non-proportional reinsurance accepted</i> ) ]	[ C0200/R0110 ( <i>Gross - Direct Business</i> ) + C0200/R0120 ( <i>Gross - Proportional reinsurance accepted</i> ) + C0200/R0130 ( <i>Gross - Non-proportional reinsurance accepted</i> ) ]

### 3.6. MAT BUSINESS CRITERION

79. Different businesses could be considered complex due to specialized knowledge of the relevant risks and the legal framework. The Directive provides that Marine, Aviation, and Transport (MAT) business and Credit and Suretyship activities are a criterion to determine small and non-complex as these activities have a potential for major accidents with destabilizing effects when linked to the size of the SNC and are overly complex for this status.
80. It should be noted that the classes defined in the Directive are not fully aligned with the Lines of Business definition in the Delegated Regulation. Moreover, non-proportional reinsurance accepted from Credit & Suretyship (line of business 9) is grouped with lines of business 5, 7 and 10 to 12 and presented together as line of business 28 (non-proportional property reinsurance). Since the quantitative reporting templates (QRTs) are based on the Line of Business definition, these differences should be taken into account when assessing the SNC threshold for MAT and Credit & Suretyship business.

#### How to calculate the criterion

81. Taking into consideration the current ITS on reporting, the approximate risk indicator is calculated with the following formula:

$$\frac{GWP_{MAT-DIR} + GWP_{MAT-REP} + GWP_{MAT-REN} + GWP_{CS-DIR} + GWP_{CS-REP}}{GWP_{NL-DIR} + GWP_{NL-REP} + GWP_{NL-REN}} \leq 30\%$$

82. For the purpose of this calculation, the following QRT data points should be used as reference:

SOLO	GROUP
Reference template(s)	

S.05.01 (*Premiums, claims and expenses by lines of business*)

**Numerator**

S.05.01.01.01 (*Solo reporting*)

Marine, aviation and transport

[ C0060/R0110 (*Gross - Direct Business*)  
+ C0060/R0120 (*Gross - Proportional Reinsurance*)  
+ C0150/R0130 (*Gross - Non-proportional reinsurance*) ]

+

Credit and Surety

[ C0090/R0110 (*Gross - Direct Business*)  
+ C0090/R0120 (*Gross - Proportional reinsurance*) ]

S.05.01.01.01 (*Group reporting*)

Marine, aviation and transport

[ C0060/R0110 (*Gross - Direct Business*)  
+ C0060/R0120 (*Gross - Proportional Reinsurance*)  
+ C0150/R0130 (*Gross - Non-proportional reinsurance*) ]

+

Credit and Surety

[ C0090/R0110 (*Gross - Direct Business*)  
+ C0090/R0120 (*Gross - Proportional reinsurance*) ]

**Denominator**

S.05.01.01.01 (*Solo reporting*)

[ C0200/R0110 (*Gross - Direct Business*)  
+ C0200/R0120 (*Gross - Proportional reinsurance accepted*)  
+ C0200/R0130 (*Gross - Non-proportional reinsurance accepted*) ]

S.05.01.01.01 (*Group reporting*)

[ C0200/R0110 (*Gross - Direct Business*)  
+ C0200/R0120 (*Gross - Proportional reinsurance accepted*)  
+ C0200/R0130 (*Gross - Non-proportional reinsurance accepted*) ]

### 3.7. INVESTMENT RISK CRITERION

83. This indicator measures the relative concentration of investment-related risks within an undertaking's balance sheet and serves as a proxy for the overall riskiness of the investment portfolio. Specifically, it captures three components: (i) the market risk module, (ii) the part of the counterparty default risk module referred to in Article 105(6) of the Solvency II Directive, that corresponds to exposures to securitisations, derivatives, receivables from intermediaries and other investment assets which are not covered in the spread risk sub-module, and (iii) any capital requirement applicable to investments in intangible assets. By limiting the sum of these components to no more than 20% of total investments, the criterion identifies undertakings whose investment portfolios are relatively simple and less exposed to highly volatile or illiquid assets.
84. For the purpose of this indicator, the market risk and intangible asset components are taken net (after adjustment for the loss absorbing capacity of technical provisions and the use of financial

risk-mitigation techniques), to align the valuation approaches of the different templates considered for the calculation of this criterion as much as possible.

85. With regard to the counterparty default risk component referred to in the Directive, it is noted that the legal text encompasses elements captured under both Counterparty Default Risk Type 2 exposures (e.g. receivables from intermediaries) as well as some (but not the total) Counterparty Default Risk Type 1 exposures (e.g. derivatives and securitisations). However, for the purposes of calculating this criterion in a simple (i.e. relying on the available data without additional calculation of the SCR) and auditable manner, it is proposed to rely on Counterparty Default Risk Type 2 exposures only in most cases.
86. Counterparty Default Risk Type 2 exposures are clearly identifiable and consistently reported within the reporting templates established under the ITS on Reporting. By contrast, incorporating the entire counterparty default risk module — and in particular all Counterparty Default Risk Type 1 exposures — would extend the scope beyond the elements explicitly referred to in the legal text. Specifically, Counterparty Default Risk Type 1 exposures also capture items such as risk-mitigation techniques, which are not contemplated by the Directive and whose inclusion would therefore not be aligned with the intended design of the criterion. Furthermore, the Counterparty Default Risk Type 1 elements expressly mentioned in the legal text (e.g. securitisations and derivatives) are generally considered of limited relevance for undertakings seeking classification as small and non-complex<sup>8</sup>. As such, reliance on Counterparty Default Risk Type 2 exposures constitutes a proportionate and appropriate proxy for the default calculation of this criterion.
87. Moreover, the counterparty default risk type 2 component should also be taken net to the extent feasible. However, the reporting provides only data gross of the loss-absorbing capacity of technical provisions.

### How to calculate the criterion

88. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

$$\frac{Net\ SCR_{Market\ risk} + Gross\ SCR_{Counterparty\ default\ risk\ Type\ 2} + Net\ SCR_{Investments\ in\ intangible\ assets}}{Total\ investments} \leq 20\%$$

---

<sup>8</sup> Regarding derivatives, the [Eiopa peer review on the prudent person principle](#) in 2024 found out that only 531 out of all Solvency II undertakings (ca. 2000) are using derivatives. Moreover, only in nine Member States (DK, NL, DE, FR, SE, IE, NO, ES, BE and IT) the average exposure in the Member State, in terms of notional amount, is higher than 1.5% of total assets (see page 30). Regarding securitisation, the [joint committee advice on the review of the securitisation prudential framework \(insurance\)](#) states that only 255 individual standard formula undertakings have investment positions on securitisation. Approximately 60% of those undertakings hold securitisation positions below 1% of their total investment assets (2021 data). (see page 9).

89. For the purpose of this calculation, the following QRT data points should be used as reference:

SOLO	GROUP
<b>Reference template(s)</b>	
S.02.01 ( <i>Balance sheet</i> )	
S.25.01 ( <i>Solvency Capital Requirement - for undertakings on Standard Formula</i> )	
S.26.01 ( <i>Solvency Capital Requirement - Market risk</i> )	
S.26.02 ( <i>Solvency Capital Requirement - Counterparty default risk</i> )	
<b>Numerator</b>	
S.26.01.01.02 [ C0060/R0800 ( <i>Market risk – Net</i> ) ]	S.26.01.01.02 [ C0060/R0800 ( <i>Market risk – Net</i> ) ]
+	+
S.26.02.01.01 [ C0080/R0300 ( <i>Counterparty default risk Type 2 – Gross</i> ) ]	S.26.02.01.01 [ C0080/R0300 ( <i>Counterparty default risk Type 2 – Gross</i> ) ]
+	+
S.25.01.01.01 [ C0030/R0070 ( <i>Intangible assets – Net</i> ) ]	S.25.01.01.01 · [ C0030/R0070 ( <i>Intangible assets – Net</i> ) ]
<b>Denominator</b>	
S.02.01.01.01 ( <i>Solo reporting</i> ) [ C0010/R0060 ( <i>Property, plant &amp; equipment held for own use</i> ) + C0010/R0070 ( <i>Investments (other than assets held for index-linked and unit-linked contracts)</i> ) + C0010/R0220 ( <i>Assets held for index-linked and unit-linked contracts</i> ) + C0010/R0230 ( <i>Loans and mortgages</i> ) + C0010/R0410 ( <i>Cash and cash equivalent</i> ) + C0010/R0360 ( <i>Insurance and Intermediaries receivables</i> ) + C0010/R0380 ( <i>Receivables (trade, not insurance)</i> ) ]	S.02.01.01.01 ( <i>Group reporting</i> ) [ C0010/R0060 ( <i>Property, plant &amp; equipment held for own use</i> ) + C0010/R0070 ( <i>Investments (other than assets held for index-linked and unit-linked contracts)</i> ) + C0010/R0220 ( <i>Assets held for index-linked and unit-linked contracts</i> ) + C0010/R0230 ( <i>Loans and mortgages</i> ) + C0010/R0410 ( <i>Cash and cash equivalent</i> ) + C0010/R0360 ( <i>Insurance and Intermediaries receivables</i> ) + C0010/R0380 ( <i>Receivables (trade, not insurance)</i> ) ]

#### Additional issues to be considered

90. EIOPA acknowledges that, despite the general expected limited relevance of the elements of Counterparty Default Risk Type 1 exposures expressed in Article 29a for undertakings seeking to be classified as small and non-complex, in certain situations such exposures nevertheless may represent a non-negligible part of the investment portfolio of the undertaking.
91. Therefore, undertakings and NCAs are recommended to evaluate for such cases whether these exposures should be included in the calculation of the criterion.

### 3.8. ACCEPTED REINSURANCE CRITERION

92. Accepted reinsurance (pure reinsurance) generally exposes an undertaking to higher risks than direct underwriting.
93. For an undertaking to be classified as small and non-complex, the volume of accepted reinsurance must be limited relative to its direct business. Specifically, the gross written premiums from both proportional and non-proportional accepted reinsurance should not exceed the gross written premiums from direct business.
94. In practical terms, this means that accepted reinsurance, measured by gross written premiums, must be equal to or less than 50% of total gross written premiums. This ratio is assessed for the undertaking's total business and is not calculated separately by line of business, ensuring a comprehensive view of the overall reliance on reinsurance

#### How to calculate the criterion

95. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

$$\frac{\text{Total Reinsurance GWP NL} + \text{Total Reinsurance GWP Life} + \text{Total Reinsurance GWP Health}}{\text{Total GWP NL} + \text{Total GWP Life} + \text{Total GWP Health}} \leq 50\%$$

96. For the purpose of this calculation, the following QRT data points should be used as reference:

SOLO	GROUP
<b>Reference template(s)</b>	
S.05.01 ( <i>Premiums, claims and expenses by lines of business</i> )	
<b>Numerator</b>	
S.05.01.01.01 ( <i>Solo reporting</i> )	S.05.01.01.01 ( <i>Group reporting</i> )

<p>[ C0200/R0120 (<i>Gross - Proportional reinsurance accepted</i>)  <b>+ C0200/R0130 (<i>Gross - Non-proportional reinsurance accepted</i>)</b> ]                      +</p> <p>S.05.01.01.02 (<i>Solo reporting</i>)</p> <p>[ C0270/R1410 (<i>Life reinsurance obligations - Health</i>)                      + C0280/R1410 (<i>Life reinsurance obligations – Life reinsurance</i>) ]</p>	<p>[ C0200/R0120 (<i>Gross - Proportional reinsurance accepted</i>)                      + C0200/R0130 (<i>Gross - Non-proportional reinsurance accepted</i>) ]                      +</p> <p>S.05.01.01.02 (<i>Group reporting</i>)</p> <p>[ C0270/R1410 (<i>Life reinsurance obligations - Health</i>)                      + C0280/R1410 (<i>Life reinsurance obligations – Life reinsurance</i>) ]</p>
<b>Denominator</b>	
<p>S.05.01.01.01 (<i>Solo reporting</i>)</p> <p>[ C0200/R0110 (<i>Gross - Direct Business</i>)                      + C0200/R0120 (<i>Gross - Proportional reinsurance accepted</i>)                      + C0200/R0130 (<i>Gross - Non-proportional reinsurance accepted</i>) ]                      +</p> <p>S.05.01.01.02 (<i>Solo reporting</i>)</p> <p>[ C0300/R1410 (<i>Gross Premiums Written - Total</i>) ]</p>	<p>S.05.01.01.01 (<i>Group reporting</i>)</p> <p>[ C0200/R0110 (<i>Gross - Direct Business</i>)                      + C0200/R0120 (<i>Gross - Proportional reinsurance accepted</i>)                      + C0200/R0130 (<i>Gross - Non-proportional reinsurance accepted</i>) ]                      +</p> <p>S.05.01.01.02 (<i>Group reporting</i>)</p> <p>[ C0300/R1410 (<i>Gross Premiums Written - Total</i>) ]</p>

### 3.9. SCR COMPLIANCE CRITERION

97. Compliance with the SCR ensures that an undertaking holds sufficient eligible own funds to cover the risks inherent in its business.

#### How to calculate the criterion

98. Taking into consideration the current ITS on reporting, the risk indicator is calculated with the following formula:

$$\begin{array}{c} \text{Ratio of Eligible own funds to SCR} > 100\% \\ \text{OR} \\ \text{Total eligible own funds to meet the SCR} > \text{SCR} \end{array}$$

99. For the purpose of this calculation, the following QRT data points should be used as reference:

SOLO	GROUP
<b>Reference template(s)</b>	
S.23.01 ( <i>Own funds</i> )	
<b>Indicator</b>	
S.23.01.01.01	S.23.01.04.01
C0010/R0620 ( <i>Ratio of Eligible own funds to SCR</i> ) > 100%	C0010/R0690 ( <i>Ratio of Total Eligible own funds to the Total group SCR</i> ) > 100%
<i>Or</i>	<i>Or</i>
C0010/R0540 ( <i>Total eligible own funds to meet the SCR</i> )	C0010/R0660 ( <i>Total eligible own funds to meet the total group SCR</i> )
>	>
C0010/R0580 ( <i>SCR</i> )	C0010/R0680 ( <i>Total Group SCR</i> )

**Additional issues to be considered**

100. EIOPA acknowledges that, in some specific cases, for individual undertakings the amount of the minimum capital requirement (MCR) can be higher than the SCR. To ensure a risk-based approach, NCAs are recommended to assess both the SCR and MCR compliance in such cases.
101. For insurance groups, in cases where the minimum consolidated group Solvency Capital Requirement is close, even equal to or higher than the consolidated group Solvency Capital Requirement, NCAs are recommended to assess both figures considering the approach and provisions laid out in Article 230(2) of the Solvency II Directive.