**Annex II**

**S.26.05. - Solvency Capital Requirement – non–life underwriting risk**

**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.26.05.01 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.

All values shall be reported net of reinsurance and other risk mitigating techniques.

Amounts before and after shock shall be filled in with the amount of assets and liabilities sensitive to that shock. For the liabilities the assessment shall be done at the most granular level available between contract and homogeneous risk group. This means that if a contract/HRG is sensitive to a shock the amount of liabilities associated to that contract/HRG shall be reported as amount sensitive to that shock.

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|  | **ITEM** | **INSTRUCTIONS** |
| Z0010  (A001) | 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  (A0) | 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” |
| R0010/C0010  (A001) | Captives simplifications – non life premium and reserve risk | Identify whether a captive undertaking used simplifications for the calculation of non-life premium and reserve risk. One of the options in the following closed list shall be used: 1 – Simplifications used  2 – Simplifications not used  If R0010/C0010 = 1, only C0060, C0070 and C0090 should be filled in for R0100 – R0230. |
| **Non-life premium and Reserve Risk** | | |
| R0100-R0210/C0020  (A1 – A12) | Standard deviation for premium risk – USP Standard Deviation | This is the undertaking specific standard deviation for premium risk for each segment as calculated by the undertaking and approved or prescribed by the supervisory authority.  This item is not reported where no undertaking specific parameter is used. |
| R0100-R0210/C0030 | USP Standard Deviation gross/net | Identify if the USP standard Deviation was applied gross or net. One of the options in the following closed list shall be used: 1 – USP gross  2 – USP net |
| R0100-R0210/C0040  (A1A – A12A) | Standard deviation for premium risk – USP - Adjustment factor for non – proportional reinsurance | This is the undertaking specific adjustment factor for non – proportional reinsurance of each segment allows undertakings to take into account the risk – mitigating effect of particular per risk excess of loss reinsurance - as calculated by the undertaking and approved or prescribed by the supervisory authority.  This item is not reported where no undertaking specific parameter is used. |
| R0100-R0210/C0050  (B1 – B12) | Standard deviation for reserve risk – USP | This is the undertaking specific standard deviation for reserve risk each segment as calculated by the undertaking and approved or prescribed by the supervisory authority.  This item is not reported where no undertaking specific parameter is used. |
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| R0100-R0210/C0060  (C1 – C12) | Volume measure for premium and reserve risk – volume measure for premium risk: Vprem | The volume measure for premium risk for each line of business |
| R0100-R0210/C0070  (D1 – D12) | Volume measure for premium and reserve risk –Volume measure reserve risk: Vres | The volume measure for reserve risk for each segment, equal to the best estimate for the provisions for claims outstanding for the segment, after deduction of the amount recoverable from reinsurance contracts and special purpose vehicles. |
| R0100-R0210/C0080  (E1- E12) | Volume measure for premium and reserve risk – Geographical Diversification - | Geographical diversification used for the volume measure for each segment |
| If the factor for geographical diversification is not calculated, then this item is set to the default value of 1. |
| R0100-R0210/C0090  (F1 – F12) | Volume measure for premium and reserve risk - V | The volume measure for non – life premium and reserve risk for each segment  If R0010/C0010 = 1, this item should represent the capital requirement for non - life premium and reserve risk of particular segment calculated using simplifications |
| R0220/C0090  (F13) | Total Volume measure for premium and reserve risk | The total volume measure for premium and reserve risk, equal to the sum of the volume measures for premium and reserve risk for all segments: |
| R0230/C0020  (A13) | Combined standard deviation | This is the combined standard deviation for premium and reserve risk for all segments. |
| If R0010/C0010=1, this item represents total capital charge for non-life premium and reserve risk sub module calculated using simplified calculation. |
| R0300/C0100  (A14) | Total capital requirement for non – life premium and reserve risk | This is the total capital charge for the non–life premium and reserve risk sub module. |
| **Non-life lapse risk** | | |
| R0400/C0110  (A15) | Initial absolute values before shock – Assets – Non-life underwriting risk - Lapse risk | This is the absolute value of the assets sensitive to the non-life lapse risk, before the shock.  Recoverables from reinsurance and SPVs shall not be included in this cell. |
| R0400/C0120  (A15A) | Initial absolute values before shock – Liabilities – Non-life underwriting risk - Lapse risk | This is the absolute value of liabilities sensitive to the non-life lapse risk, before the shock.  The amount of TP shall be net of reinsurance and SPV recoverables. |
| R0400/C0130  (B15) | Absolute values after shock – Assets – Non-life underwriting risk - Lapse risk | This is the absolute value of the assets sensitive to non-life lapse risk, after the shock.  Recoverables from reinsurance and SPVs shall not be included in this cell. |
| R0400/C0140  (B15A) | Absolute values after shock – Liabilities – Non-life underwriting risk - Lapse risk | This is the absolute value of the liabilities sensitive to non-life lapse risk, after the shock.  The amount of TP shall be net of reinsurance and SPV recoverables. |
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| R0400/C0150  (C15) | Solvency capital requirement - Non-life underwriting risk - Lapse risk | This is the capital charge for non-life underwriting lapse risk. |
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| R0500/C0160  (A16) | Capital requirement for non–life catastrophe risk | This is the total non-life catastrophe risk capital requirement. |
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| **Total non-life underwriting risk** | | |
| R0600/C0160  (A17) | Diversification within non-life underwriting risk module | This is the diversification effect within the non-life underwriting risk sub-module as a result of the aggregation of the capital requirements premium and reserve risk, catastrophe risk and lapse risk.  Diversification shall be reported as a negative value if they reduce the capital requirement. |
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| R0700/C0160  (A18) | Total capital requirement for non-life underwriting risk | This is the solvency capital requirement for non-life underwriting risk sub module. |