

Q&A

QUESTION ID:

1529

REGULATION REFERENCE:

Guidelines on classification of own funds

ARTICLE:

35

STATUS:

Final

DATE OF SUBMISSION

07 Aug 2018

Question

I do have a question regarding the additional capacity for restricted Tier 1, Tier 2 and Tier 3 instruments.

1. Is the base for the headroom calculation for additional Tier 2 and Tier 3 instruments the Solvency Capital Requirements of R0570 or do I have to adjust it by any of the positions mentioned under R0500 - R0550.
2. what's the right calculation base for the RT1 headroom? Do I have to adjust the T1 by any position?

EIOPA answer

It is understood from your question that you are seeking further understanding on the eligibility of own funds at group level and the classification of own-funds into tiers and where to find the relevant information in the reporting templates.

Articles 218 (2) and (3) of Solvency II oblige Member States to require that eligible own funds are available in the group which are always at least equal to the group Solvency Capital Requirement.

The referenced Group SCR should be reported in S.23.01.04 R0680/C0010. The referenced eligible own funds should be reported in S.23.01.04 R0660/ C0010-C0050.

For the Method 1:Accounting consolidation-based method Article 230(2) Solvency II requires that the minimum consolidated group Solvency Capital Requirement is covered by eligible basic own funds.

The referenced minimum consolidated group Solvency Capital Requirement should be reported in S.23.01.04 R0610/C0010. The referenced eligible own funds should be reported in S.23.01.04 R0570/ C0010-C0050"

As regards to the classification of own-funds into tiers, this analysis seeks to determine whether own funds fulfil the required requirements for classification (Articles 331 to 334 of the Delegated Regulations). Therefore, if some own funds do not meet the required parameters for classification they cannot be eligible to cover the group SCR.

Template S.23.02.04 of Annex I, discloses all detailed information on own funds by tiers, following the instructions set out in section S.23.02 of Annex III.