

# Q&A

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Guidelines on valuation of technical provisions

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## Question

Guideline 68 say that "Insurance and reinsurance undertakings should treat premiums which are due for payment by the valuation date as a premium receivable on its balance sheet until the cash is received." Under GAAP valuation on the current technical provision valuation, the premiums to be taken account as a base at the technical provision are annual so if there are a fractionation of this premiums (to pay monthly or quarterly) the future fraction of premiums at the valuation date are as a premium receivable on its balance (asset). Must this future fractionation of the annual premiums of the year (under contracts boundary ) be considered, as a future premiums in the technical provision under Solvency II and do, by the future premiums which are due for payment (for this future fractionation), an adjustment on its balance ?

## EIOPA answer

The fraction of the premiums to be paid after the valuation date is considered as the future premium, which is taken into account for the technical provision calculation.