

Directive 2009/138/EC of the European Parliament and of the Council  
of 25 November 2009 on the taking-up and pursuit of the business of  
Insurance and Reinsurance (Solvency II) (recast) (Text with EEA relevance)

TITLE I

**GENERAL RULES ON THE TAKING-UP AND PURSUIT OF  
DIRECT INSURANCE AND REINSURANCE ACTIVITIES**

CHAPTER VI

**Rules relating to the valuation of assets and liabilities, technical provisions, own funds,  
Solvency Capital Requirement, Minimum Capital Requirement and investment rules**

Section 4

**Solvency capital requirement**

Subsection 1

**General provisions for the solvency capital requirement  
using the standard formula or an internal model**

*Article 101*

**Calculation of the Solvency Capital Requirement**

1 The Solvency Capital Requirement shall be calculated in accordance with paragraphs 2 to 5.

2 The Solvency Capital Requirement shall be calculated on the presumption that the undertaking will pursue its business as a going concern.

3 The Solvency Capital Requirement shall be calibrated so as to ensure that all quantifiable risks to which an insurance or reinsurance undertaking is exposed are taken into account. It shall cover existing business, as well as the new business expected to be written over the following 12 months. With respect to existing business, it shall cover only unexpected losses.

It shall correspond to the Value-at-Risk of the basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 99,5 % over a one-year period.

4 The Solvency Capital Requirement shall cover at least the following risks:

- a non-life underwriting risk;
- b life underwriting risk;
- c health underwriting risk;
- d market risk;
- e credit risk;

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f operational risk.

Operational risk as referred to in point (f) of the first subparagraph shall include legal risks, and exclude risks arising from strategic decisions, as well as reputation risks.

5 When calculating the Solvency Capital Requirement, insurance and reinsurance undertakings shall take account of the effect of risk-mitigation techniques, provided that credit risk and other risks arising from the use of such techniques are properly reflected in the Solvency Capital Requirement.