

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 I

Subject matter, scope and definitions

Section 1

Subject matter and scope

Article 1	Subject matter
Article 2	Scope

Section 2

Exclusions from scope

Subsection 1

General

Article 3	Statutory systems
Article 4	Exclusion from scope due to size

Subsection 2

Non-life

Article 5	Operations
Article 6	Assistance
Article 7	Mutual undertakings
Article 8	Institutions

Subsection 3

Life

Article 9	Operations and activities
Article 10	Organisations, undertakings and institutions

Subsection 4

Reinsurance

- Article 11 Reinsurance
- Article 12 Reinsurance undertakings closing their activity

Section 3

Definitions

- Article 13 Definitions

CHAPTER II

Taking-up of business

- Article 14 Principle of authorisation
- Article 15 Scope of authorisation
- Article 16 Ancillary risks
- Article 17 Legal form of the insurance or reinsurance undertaking
- Article 18 Conditions for authorisation
- Article 19 Close links
- Article 20 Head office of insurance undertakings and reinsurance undertakings
- Article 21 Policy conditions and scales of premiums
- Article 22 Economic requirements of the market
- Article 23 Scheme of operations
- Article 24 Shareholders and members with qualifying holdings
- Article 25 Refusal of authorisation
- Article 26 Prior consultation of the authorities of other Member States

CHAPTER III

Supervisory authorities and general rules

- Article 27 Main objective of supervision
- Article 28 Financial stability and pro-cyclicality
- Article 29 General principles of supervision
- Article 30 Supervisory authorities and scope of supervision
- Article 31 Transparency and accountability
- Article 32 Prohibition of refusal of reinsurance contracts or retrocession contracts
- Article 33 Supervision of branches established in another Member State
- Article 34 General supervisory powers
- Article 35 Information to be provided for supervisory purposes
- Article 36 Supervisory review process
- Article 37 Capital add-on
- Article 38 Supervision of outsourced functions and activities
- Article 39 Transfer of portfolio

CHAPTER IV

Conditions governing business

Section 1

Responsibility of the administrative, management or supervisory body

Article 40 Responsibility of the administrative, management or supervisory body

Section 2

System of governance

Article 41 General governance requirements
Article 42 Fit and proper requirements for persons who effectively run the undertaking or have other key functions
Article 43 Proof of good repute
Article 44 Risk management
Article 45 Own risk and solvency assessment
Article 46 Internal control
Article 47 Internal audit
Article 48 Actuarial function
Article 49 Outsourcing
Article 50 Implementing measures

Section 3

Public disclosure

Article 51 Report on solvency and financial condition: contents
Article 52 Information for and reports by CEIOPS
Article 53 Report on solvency and financial condition: applicable principles
Article 54 Report on solvency and financial condition: updates and additional voluntary information
Article 55 Report on solvency and financial condition: policy and approval
Article 56 Solvency and financial condition report: implementing measures

Section 4

Qualifying holdings

Article 57 Acquisitions
Article 58 Assessment period
Article 59 Assessment
Article 60 Acquisitions by regulated financial undertakings
Article 61 Information to the supervisory authority by the insurance or reinsurance undertaking
Article 62 Qualifying holdings, powers of the supervisory authority
Article 63 Voting rights

Section 5

Professional secrecy, exchange of information and promotion of supervisory convergence

Article 64	Professional secrecy
Article 65	Exchange of information between supervisory authorities of Member States
Article 66	Cooperation agreements with third countries
Article 67	Use of confidential information
Article 68	Exchange of information with other authorities
Article 69	Disclosure of information to government administrations responsible for financial legislation
Article 70	Transmission of information to central banks and monetary authorities
Article 71	Supervisory convergence

Section 6

Duties of auditors

Article 72	Duties of auditors
------------	--------------------

CHAPTER V

Pursuit of life and non-life insurance activity

Article 73	Pursuit of life and non-life insurance activity
Article 74	Separation of life and non-life insurance management

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 1

Valuation of assets and liabilities

Article 75	Valuation of assets and liabilities
------------	-------------------------------------

Section 2

Rules relating to technical provisions

Article 76	General provisions
Article 77	Calculation of technical provisions
Article 78	Other elements to be taken into account in the calculation of technical provisions
Article 79	Valuation of financial guarantees and contractual options included in insurance and reinsurance contracts
Article 80	Segmentation
Article 81	Recoverables from reinsurance contracts and special purpose vehicles

Article 82	Data quality and application of approximations, including case-by-case approaches, for technical provisions
Article 83	Comparison against experience
Article 84	Appropriateness of the level of technical provisions
Article 85	Increase of technical provisions
Article 86	Implementing measures

Section 3

Own funds

Subsection 1

Determination of own funds

Article 87	Own funds
Article 88	Basic own funds
Article 89	Ancillary own funds
Article 90	Supervisory approval of ancillary own funds
Article 91	Surplus funds
Article 92	Implementing measures

Subsection 2

Classification of own funds

Article 93	Characteristics and features used to classify own funds into tiers
Article 94	Main criteria for the classification into tiers
Article 95	Classification of own funds into tiers
Article 96	Classification of specific insurance own-fund items
Article 97	Implementing measures

Subsection 3

Eligibility of own funds

Article 98	Eligibility and limits applicable to Tiers 1, 2 and 3
Article 99	Implementing measures

Section 4

Solvency capital requirement

Subsection 1

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

Article 100	General provisions
Article 101	Calculation of the Solvency Capital Requirement
Article 102	Frequency of calculation

Subsection 2

Solvency capital requirement standard formula

Article 103	Structure of the standard formula
Article 104	Design of the Basic Solvency Capital Requirement
Article 105	Calculation of the Basic Solvency Capital Requirement
Article 106	Calculation of the equity risk sub-module: symmetric adjustment mechanism
Article 107	Capital requirement for operational risk
Article 108	Adjustment for the loss-absorbing capacity of technical provisions and deferred taxes
Article 109	Simplifications in the standard formula
Article 110	Significant deviations from the assumptions underlying the standard formula calculation
Article 111	Implementing measures

Subsection 3

Solvency capital requirement full and partial internal models

Article 112	General provisions for the approval of full and partial internal models
Article 113	Specific provisions for the approval of partial internal models
Article 114	Implementing measures
Article 115	Policy for changing the full and partial internal models
Article 116	Responsibilities of the administrative, management or supervisory bodies
Article 117	Reversion to the standard formula
Article 118	Non-compliance of the internal model
Article 119	Significant deviations from the assumptions underlying the standard formula calculation
Article 120	Use test
Article 121	Statistical quality standards
Article 122	Calibration standards
Article 123	Profit and loss attribution
Article 124	Validation standards
Article 125	Documentation standards
Article 126	External models and data
Article 127	Implementing measures

Section 5

Minimum capital requirement

Article 128	General provisions
Article 129	Calculation of the Minimum Capital Requirement
Article 130	Implementing measures
Article 131	Transitional arrangements regarding compliance with the Minimum Capital Requirement

Section 6

Investments

Article 132	Prudent person principle
Article 133	Freedom of investment
Article 134	Localisation of assets and prohibition of pledging of assets
Article 135	Implementing measures

CHAPTER VII

Insurance and reinsurance undertakings in difficulty or in an irregular situation

Article 136	Identification and notification of deteriorating financial conditions by the insurance and reinsurance undertaking
Article 137	Non-Compliance with technical provisions
Article 138	Non-Compliance with the Solvency Capital Requirement
Article 139	Non-Compliance with the Minimum Capital Requirement
Article 140	Prohibition of free disposal of assets located within the territory of a Member State
Article 141	Supervisory powers in deteriorating financial conditions
Article 142	Recovery plan and finance scheme
Article 143	Implementing measures
Article 144	Withdrawal of authorisation

CHAPTER VIII

Right of establishment and freedom to provide services

Section 1

Establishment by insurance undertakings

Article 145	Conditions for branch establishment
Article 146	Communication of information

Section 2

Freedom to provide services: by insurance undertakings

Subsection 1

General provisions

Article 147	Prior notification to the home Member State
Article 148	Notification by the home Member State
Article 149	Changes in the nature of the risks or commitments

Subsection 2

Third party motor vehicle liability

Article 150	Compulsory insurance on third party motor vehicle liability
-------------	---

- Article 151 Non-discrimination of persons pursuing claims
Article 152 Representative

Section 3

Competencies of the supervisory authorities of the host member state

Subsection 1

Insurance

- Article 153 Language
Article 154 Prior notification and prior approval
Article 155 Insurance undertakings not complying with the legal provisions
Article 156 Advertising
Article 157 Taxes on premiums

Subsection 2

Reinsurance

- Article 158 Reinsurance undertakings not complying with the legal provisions

Section 4

Statistical information

- Article 159 Statistical information on cross-border activities

Section 5

Treatment of contracts of branches in winding-up proceedings

- Article 160 Winding-up of insurance undertakings
Article 161 Winding-up of reinsurance undertakings

CHAPTER IX

Branches established within the community and belonging to insurance or reinsurance undertakings with head offices situated outside the community

Section 1

Taking-up of business

- Article 162 Principle of authorisation and conditions
Article 163 Scheme of operations of the branch
Article 164 Transfer of portfolio
Article 165 Technical provisions
Article 166 Solvency Capital Requirement and Minimum Capital Requirement

Article 167	Advantages to undertakings authorised in more than one Member State
Article 168	Accounting, prudential and statistical information and undertakings in difficulty
Article 169	Separation of non-life and life business
Article 170	Withdrawal of authorisation for undertakings authorised in more than one Member State
Article 171	Agreements with third countries

Section 2

Reinsurance

Article 172	Equivalence
Article 173	Prohibition of pledging of assets
Article 174	Principle and conditions for conducting reinsurance activity
Article 175	Agreements with third countries

CHAPTER X

Subsidiaries of insurance and reinsurance undertakings governed by the laws of a third country and acquisitions of holdings by such undertakings

Article 176	Information from Member States to the Commission
Article 177	Third-country treatment of Community insurance and reinsurance undertakings

TITLE II

SPECIFIC PROVISIONS FOR INSURANCE AND REINSURANCE

CHAPTER I

Applicable law and conditions of direct insurance contracts

Section 1

Applicable law

Article 178	Applicable Law
-------------	----------------

Section 2

Compulsory insurance

Article 179	Related obligations
-------------	---------------------

Section 3

General good

Article 180	General good
-------------	--------------

Section 4

Conditions of insurance contracts and scales of premiums

- Article 181 Non-life insurance
- Article 182 Life insurance

Section 5

Information for policy holders

Subsection 1

Non-life insurance

- Article 183 General Information for policy holders
- Article 184 Additional information in the case of non-life insurance offered under the right of establishment or the freedom to provide services

Subsection 2

Life insurance

- Article 185 Information for policy holders
- Article 186 Cancellation period

CHAPTER II

Provisions specific to non-life insurance

Section 1

General provisions

- Article 187 Policy Conditions
- Article 188 Abolition of monopolies
- Article 189 Participation in national guarantee schemes

Section 2

Community co-insurance

- Article 190 Community co-insurance operations
- Article 191 Participation in Community co-insurance
- Article 192 Technical provisions
- Article 193 Statistical data
- Article 194 Treatment of co-insurance contracts in winding-up proceedings
- Article 195 Exchange of information between supervisory authorities
- Article 196 Cooperation on implementation

Section 3

Assistance

Article 197 Activities similar to tourist assistance

Section 4

Legal expenses insurance

Article 198 Scope of this Section
Article 199 Separate contracts
Article 200 Management of claims
Article 201 Free choice of lawyer
Article 202 Exception to the free choice of lawyer
Article 203 Arbitration
Article 204 Conflict of interest
Article 205 Abolition of specialisation of legal expenses insurance

Section 5

Health insurance

Article 206 Health insurance as an alternative to social security

Section 6

Insurance against accidents at work

Article 207 Compulsory insurance against accidents at work

CHAPTER III

Provisions specific to life insurance

Article 208 Prohibition on compulsory ceding of part of underwriting
Article 209 Premiums for new business

CHAPTER IV

Rules specific to reinsurance

Article 210 Finite reinsurance
Article 211 Special purpose vehicles

TITLE III

SUPERVISION OF INSURANCE AND REINSURANCE UNDERTAKINGS IN A GROUP

CHAPTER I

Group supervision: definitions, cases of application, scope and levels

Section 1

Definitions

Article 212 Definitions

Section 2

Cases of application and scope

Article 213 Cases of application of group supervision

Article 214 Scope of group supervision

Section 3

Levels

Article 215 Ultimate parent undertaking at Community level

Article 216 Ultimate parent undertaking at national level

Article 217 Parent undertaking covering several Member States

CHAPTER II

Financial position

Section 1

Group solvency

Subsection 1

General provisions

Article 218 Supervision of group solvency

Article 219 Frequency of calculation

Subsection 2

Choice of calculation method and general principles

Article 220 Choice of method

Article 221 Inclusion of proportional share

Article 222 Elimination of double use of eligible own funds

Article 223 Elimination of the intra-group creation of capital

Article 224 Valuation

Subsection 3

Application of the calculation methods

- Article 225 Related insurance and reinsurance undertakings
- Article 226 Intermediate insurance holding companies
- Article 227 Related third-country insurance and reinsurance undertakings
- Article 228 Related credit institutions, investment firms and financial institutions
- Article 229 Non-availability of the necessary information

Subsection 4

Calculation methods

- Article 230 Method 1 (Default method): Accounting consolidation-based method
- Article 231 Group internal model
- Article 232 Group capital add-on
- Article 233 Method 2 (Alternative method): Deduction and aggregation method
- Article 234 Implementing measures

Subsection 5

Supervision of group solvency for insurance and reinsurance undertakings that are subsidiaries of an insurance holding company

- Article 235 Group solvency of an insurance holding company

Subsection 6

Supervision of group solvency for groups with centralised risk management

- Article 236 Subsidiaries of an insurance or reinsurance undertaking: conditions
- Article 237 Subsidiaries of an insurance or reinsurance undertaking: decision on the application
- Article 238 Subsidiaries of an insurance or reinsurance undertaking: determination of the Solvency Capital Requirement
- Article 239 Subsidiaries of an insurance or reinsurance undertaking: non-compliance with the Solvency and Minimum Capital Requirements
- Article 240 Subsidiaries of an insurance or reinsurance undertaking: end of derogations for a subsidiary
- Article 241 Subsidiaries of an insurance or reinsurance undertaking: implementing measures
- Article 242 Review
- Article 243 Subsidiaries of an insurance holding company

Section 2

Risk concentration and intra-group transactions

- Article 244 Supervision of risk concentration
- Article 245 Supervision of intra-group transactions

Section 3

Risk management and internal control

- Article 246 Supervision of the system of governance

CHAPTER III

Measures to facilitate group supervision

- Article 247 Group Supervisor
- Article 248 Rights and duties of the group supervisor and the other supervisors
College of supervisors
- Article 249 Cooperation and exchange of information between supervisory authorities
- Article 250 Consultation between supervisory authorities
- Article 251 Requests from the group supervisor to other supervisory authorities
- Article 252 Cooperation with authorities responsible for credit institutions and investment firms
- Article 253 Professional secrecy and confidentiality
- Article 254 Access to information
- Article 255 Verification of information
- Article 256 Group solvency and financial condition report
- Article 257 Administrative, management or supervisory body of insurance holding companies
- Article 258 Enforcement measures
- Article 259 Reporting of CEIOPS

CHAPTER IV

Third countries

- Article 260 Parent undertakings outside the Community: verification of equivalence
- Article 261 Parent undertakings outside the Community: equivalence
- Article 262 Parent undertakings outside the Community: absence of equivalence
- Article 263 Parent undertakings outside the Community: levels
- Article 264 Cooperation with third-country supervisory authorities

CHAPTER V

Mixed-activity insurance holding companies

- Article 265 Intra-group transactions

Article 266 Cooperation with third countries

TITLE IV

REORGANISATION AND WINDING-UP OF INSURANCE UNDERTAKINGS

CHAPTER I

Scope and definitions

Article 267 Scope of this Title

Article 268 Definitions

CHAPTER II

Reorganisation measures

Article 269 Adoption of reorganisation measures applicable law

Article 270 Information to the supervisory authorities

Article 271 Publication of decisions on reorganisation measures

Article 272 Information to known creditors right to lodge claims

CHAPTER III

Winding-up proceedings

Article 273 Opening of winding-up proceedings information to the supervisory authorities

Article 274 Applicable law

Article 275 Treatment of insurance claims

Article 276 Special register

Article 277 Subrogation to a guarantee scheme

Article 278 Representation of preferential claims by assets

Article 279 Withdrawal of the authorisation

Article 280 Publication of decisions on winding-up proceedings

Article 281 Information to known creditors

Article 282 Right to lodge claims

Article 283 Languages and form

Article 284 Regular information to the creditors

CHAPTER IV

Common provisions

Article 285 Effects on certain contracts and rights

Article 286 Rights in rem of third parties

Article 287 Reservation of title

Article 288 Set-off

Article 289 Regulated markets

Article 290 Detrimental acts

Article 291 Protection of third-party purchasers

Article 292 Lawsuits pending

Article 293	Administrators and liquidators
Article 294	Registration in a public register
Article 295	Professional secrecy
Article 296	Treatment of branches of third-country insurance undertakings

TITLE V

OTHER PROVISIONS

Article 297	Right to apply to the courts
Article 298	Cooperation between the Member States and the Commission
Article 299	Euro
Article 300	Revision of amounts expressed in euro
Article 301	Committee procedure
Article 302	Notifications submitted prior to entry into force of the laws, regulations and administrative provisions necessary to comply with Articles 57 to 63
Article 303	Amendments to Directive 2003/41/EC
Article 304	Duration-based equity risk sub-module

TITLE VI

TRANSITIONAL AND FINAL PROVISIONS

CHAPTER I

Transitional provisions

Section 1

Insurance

Article 305	Derogations and abolition of restrictive measures
Article 306	Rights acquired by existing branches and insurance undertakings

Section 2

Reinsurance

Article 307	Transitional period for Articles 57(3) and 60(6) of Directive 2005/68/EC
Article 308	Right acquired by existing reinsurance undertakings

CHAPTER II

Final provisions

Article 309	Transposition
Article 310	Repeal
Article 311	Entry into force
Article 312	Addressees Signature

ANNEX I CLASSES OF NON-LIFE INSURANCE

- A. Classification of risks according to classes of insurance
1. Accident (including industrial injury and occupational diseases):
 2. Sickness:
 3. Land vehicles (other than railway rolling stock)
 4. Railway rolling stock
 5. Aircraft
 6. Ships (sea, lake and river and canal vessels)
 7. Goods in transit (including merchandise, baggage, and all other goods)...
 8. Fire and natural forces
 9. Other damage to property
 10. Motor vehicle liability
 11. Aircraft liability
 12. Liability for ships (sea, lake and river and canal vessels)...
 13. General liability
 14. Credit:
 15. Suretyship:
 16. Miscellaneous financial loss:
 17. Legal expenses
 18. Assistance
- B. Description of authorisations granted for more than one class of...

ANNEX II CLASSES OF LIFE INSURANCE

The life insurance referred to in points (a)(i), (ii) and (iii) of Article 2(3)...

ANNEX III LEGAL FORMS OF UNDERTAKINGS

- A. Forms of non-life insurance undertaking:
- B. Forms of life insurance undertaking:
- C. Forms of reinsurance undertaking:

ANNEX IV SOLVENCY CAPITAL REQUIREMENT (SCR) STANDARD FORMULA

1. Calculation of the Basic Solvency Capital Requirement

2. Calculation of the non-life underwriting risk module
3. Calculation of the life underwriting risk module
4. Calculation of the market risk module

ANNEX V

GROUPS OF NON-LIFE INSURANCE CLASSES FOR THE PURPOSES OF ARTICLE 159

Accident and sickness (classes 1 and 2 of Annex I), motor
(classes...

ANNEX VI

PART A

Repealed Directives with list of their successive amendments

PART B

List of time-limits for transposition into national law

ANNEX VII

CORRELATION TABLE

- (1) OJ C 224, 30.8.2008, p. 11.
- (2) Opinion of the European Parliament of 22 April 2009 (not yet published in the Official Journal) and Council Decision of 10 November 2009.
- (3) OJ L 228, 16.8.1973, p. 3.
- (4) OJ L 151, 7.6.1978, p. 25.
- (5) OJ L 185, 4.7.1987, p. 77.
- (6) OJ L 172, 4.7.1988, p. 1.
- (7) OJ L 228, 11.8.1992, p. 1.
- (8) OJ L 330, 5.12.1998, p. 1.
- (9) OJ L 110, 20.4.2001, p. 28.
- (10) OJ L 345, 19.12.2002, p. 1.
- (11) OJ L 323, 9.12.2005, p. 1.
- (12) OJ L 103, 2.5.1972, p. 1.
- (13) OJ L 193, 18.7.1983, p. 1.
- (14) OJ L 8, 11.1.1984, p. 17.
- (15) OJ L 145, 30.4.2004, p. 1.
- (16) OJ L 177, 30.6.2006, p. 1.
- (17) OJ L 181, 20.7.2000, p. 65.
- (18) OJ L 35, 11.2.2003, p. 1.
- (19) OJ L 25, 29.1.2009, p. 28.
- (20) OJ L 157, 9.6.2006, p. 87.
- (21) OJ L 177, 4.7.2008, p. 6.
- (22) OJ L 184, 17.7.1999, p. 23.
- (23) OJ 56, 4.4.1964, p. 878.
- (24) OJ L 228, 16.8.1973, p. 20.
- (25) OJ L 189, 13.7.1976, p. 13.
- (26) OJ L 339, 27.12.1984, p. 21.
- (27) OJ L 235, 23.9.2003, p. 10.
- (28) OJ L 9, 15.1.2003, p. 3.
- (29) OJ C 321, 31.12.2003, p. 1.