

Directive (EU) 2016/2341 of the European Parliament and of the Council
of 14 December 2016 on the activities and supervision of institutions for
occupational retirement provision (IORPs) (recast) (Text with EEA relevance)

TITLE II

QUANTITATIVE REQUIREMENTS

Article 17

Required solvency margin

1 The required solvency margin shall be determined as laid down in paragraphs 2 to 6 according to the liabilities underwritten.

2 The required solvency margin shall be equal to the sum of the following results:

a the first result:

a 4 % fraction of the mathematical provisions relating to direct business and reinsurance acceptances gross of reinsurance cessions shall be multiplied by the ratio, which shall not be less than 85 %, for the previous financial year, of the mathematical provisions net of reinsurance cessions to the gross total mathematical provisions;

b the second result:

for policies on which the capital at risk is not a negative figure, a 0,3 % fraction of such capital underwritten by the IORP shall be multiplied by the ratio, which shall not be less than 50 %, for the previous financial year, of the total capital at risk retained as the IORP's liability after reinsurance cessions and retrocessions to the total capital at risk gross of reinsurance.

For temporary assurances on death of a maximum term of three years, that fraction shall be 0,1 %. For such assurance of a term of more than three years but not more than five years, that fraction shall be 0,15 %.

3 For supplementary insurances referred to in point (a)(iii) of Article 2(3) of Directive 2009/138/EC, the required solvency margin shall be equal to the required solvency margin for IORPs as laid down in Article 18.

4 For capital redemption operations referred to in point (b)(ii) of Article 2(3) of Directive 2009/138/EC, the required solvency margin shall be equal to a 4 % fraction of the mathematical provisions calculated in compliance with paragraph 2(a).

5 For operations referred to in point (b)(i) of Article 2(3) of Directive 2009/138/EC, the required solvency margin shall be equal to 1 % of their assets.

6 For assurances linked to investment funds and covered by points (a)(i) and (ii) of Article 2(3) of Directive 2009/138/EC and for the operations referred to in points (b)(iii) to (v) of Article 2(3) of Directive 2009/138/EC, the required solvency margin shall be equal to the sum of the following:

a insofar as the IORP bears an investment risk, a 4 % fraction of the technical provisions, calculated in compliance with paragraph 2(a);

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- b insofar as the IORP bears no investment risk but the allocation to cover management expenses is fixed for a period exceeding five years, a 1 % fraction of the technical provisions, calculated in compliance with paragraph 2(a);
- c insofar as the IORP bears no investment risk and the allocation to cover management expenses is not fixed for a period exceeding five years, an amount equivalent to 25 % of the net administrative expenses of the previous financial year pertaining to such assurances and operations;
- d insofar as the IORP covers a death risk, a 0,3 % fraction of the capital at risk calculated in compliance with paragraph 2(b).