

Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (Text with EEA relevance)

TITLE I

[<sup>X1</sup>VALUATION AND RISK-BASED CAPITAL REQUIREMENTS (PILLAR I), ENHANCED GOVERNANCE (PILLAR II) AND INCREASED TRANSPARENCY (PILLAR III)]

CHAPTER V

SOLVENCY CAPITAL REQUIREMENT STANDARD FORMULA

SECTION 4

*Health underwriting risk module*

*Article 148*

**Standard deviation for NSLT health premium and reserve risk**

1 The standard deviation for NSLT health premium and reserve risk shall be equal to the following:

$$\sigma_{NSLT_h} = \frac{1}{V_{NSLT_h}} \times \sqrt{\sum_{s,t} CorrHS_{(s,t)} \times \sigma_s \times V_s \times \sigma_t \times V_t}$$

where:

- (a)  $V_{NSLT_h}$  denotes the volume measure for NSLT health premium and reserve risk;
- (b) the sum covers all possible combinations  $(s,t)$  of the segments set out in Annex XIV;
- (c)  $CorrHS_{(s,t)}$  denotes the correlation coefficient for NSLT health premium and reserve risk for segment  $s$  and segment  $t$  set out in Annex XV;
- (d)  $\sigma_s$  and  $\sigma_t$  denote standard deviations for NSLT health premium and reserve risk of segments  $s$  and  $t$  respectively;
- (e)  $V_s$  and  $V_t$  denote volume measures for premium and reserve risk of segments  $s$  and  $t$ , referred to in Annex XIV, respectively.

2 For all segments set out in Annex XIV, the standard deviation for NSLT health premium and reserve risk of a particular segment  $s$  shall be equal to the following:

$$\sigma_s = \frac{\sqrt{\sigma_2^{(prem,s)} \times V_2^{(prem,s)} + \sigma_{(prem,s)} \times V_{(prem,s)} \times \sigma_{(res,s)} \times V_{(res,s)} + \sigma_2^{(res,s)} \times V_2^{(res,s)}}}{V_{(prem,s)} + V_{(res,s)}}$$

where:

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**Changes to legislation:** Commission Delegated Regulation (EU) 2015/35, Article 148 is up to date with all changes known to be in force on or before 20 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

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- (a)  $\sigma_{(prem,s)}$  denotes the standard deviation for NSLT health premium risk of segment  $s$  determined in accordance with paragraph 3;
- (b)  $\sigma_{(res,s)}$  denotes the standard deviation for NSLT health reserve risk of segment  $s$  as set out in Annex XIV;
- (c)  $V_{(prem,s)}$  denotes the volume measure for premium risk of segment  $s$  referred to in Article 147;
- (d)  $V_{(res,s)}$  denotes the volume measure for reserve risk of segment  $s$  referred to in Article 147.

3 For all segments set out in Annex XIV, the standard deviation for NSLT health premium risk of a particular segment shall be equal to the product of the standard deviation for NSLT health gross premium risk of the segment set out in Annex XIV and the adjustment factor for non-proportional reinsurance. For all segments set out in Annex XIV the adjustment factor for non-proportional reinsurance shall be equal to 100 %.

**Changes to legislation:**

Commission Delegated Regulation (EU) 2015/35, Article 148 is up to date with all changes known to be in force on or before 20 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

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**Changes and effects yet to be applied to :**

- [Recital 53 Sentence 1 replacement by EUR 2016/2283 Regulation](#)

**Changes and effects yet to be applied to the whole legislation item and associated provisions**

- [Art. 1\(18a\) words substituted by S.I. 2024/705 Sch. 2 para. 27\(a\)](#)
- [Art. 1\(18b\)\(a\) substituted by S.I. 2024/705 Sch. 2 para. 27\(b\)\(i\)](#)
- [Art. 1\(18b\)\(a\) word omitted by S.I. 2024/705 Sch. 2 para. 27\(b\)\(ii\)](#)
- [Art. 1\(18b\)\(c\) and word inserted by S.I. 2024/705 Sch. 2 para. 27\(b\)\(iii\)](#)
- [Art. 1\(19\) words substituted by S.I. 2024/705 Sch. 2 para. 27\(c\)](#)
- [Art. 1\(20\) words substituted by S.I. 2024/705 Sch. 2 para. 27\(d\)](#)
- [Art. 1\(21\) words substituted by S.I. 2024/705 Sch. 2 para. 27\(e\)](#)
- [Art. 1\(22\) words substituted by S.I. 2024/705 Sch. 2 para. 27\(f\)](#)
- [Art. 1\(23\) words substituted by S.I. 2024/705 Sch. 2 para. 27\(g\)](#)
- [Art. 177\(2\)\(b\) words omitted by S.I. 2019/407 reg. 11\(25\)\(a\) \(This amendment not applied to legislation.gov.uk. Reg. 11\(25\)\(39\) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1\(2\), 22\)](#)
- [Art. 177\(2\)\(h\)\(i\) words omitted by S.I. 2019/407 reg. 11\(25\)\(b\)\(ii\) \(This amendment not applied to legislation.gov.uk. Reg. 11\(25\)\(39\) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1\(2\), 22\)](#)
- [Art. 177\(2\)\(h\)\(i\) words substituted by S.I. 2019/407 reg. 11\(25\)\(b\)\(i\) \(This amendment not applied to legislation.gov.uk. Reg. 11\(25\)\(39\) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1\(2\), 22\)](#)
- [Art. 177\(2\)\(r\) words substituted by S.I. 2019/407 reg. 11\(25\)\(c\) \(This amendment not applied to legislation.gov.uk. Reg. 11\(25\)\(39\) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1\(2\), 22\)](#)
- [Art. 177\(2\)\(s\) words substituted by S.I. 2019/407 reg. 11\(25\)\(c\) \(This amendment not applied to legislation.gov.uk. Reg. 11\(25\)\(39\) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1\(2\), 22\)](#)
- [Art. 177\(2\)\(t\) words substituted by S.I. 2019/407 reg. 11\(25\)\(d\) \(This amendment not applied to legislation.gov.uk. Reg. 11\(25\)\(39\) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1\(2\), 22\)](#)
- [Art. 177\(5\)\(a\) words substituted by S.I. 2019/407 reg. 11\(25\)\(f\) \(This amendment not applied to legislation.gov.uk. Reg. 11\(25\)\(39\) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1\(2\), 22\)](#)
- [Art. 177\(5\)\(c\) words substituted by S.I. 2019/407 reg. 11\(25\)\(f\) \(This amendment not applied to legislation.gov.uk. Reg. 11\(25\)\(39\) omitted immediately before IP completion day by virtue of S.I. 2019/710, regs. 1\(2\), 22\)](#)
- [Art. 257\(1A\) inserted by S.I. 2024/705 Sch. 2 para. 28\(3\)](#)
- [Art. 257\(6\) inserted by S.I. 2024/705 Sch. 2 para. 28\(7\)](#)