

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

[^{X1}VALUATION AND RISK-BASED CAPITAL REQUIREMENTS
(PILLAR I), ENHANCED GOVERNANCE (PILLAR II)
AND INCREASED TRANSPARENCY (PILLAR III)]

CHAPTER VII

MINIMUM CAPITAL REQUIREMENT

Article 251

Linear formula component for life insurance and reinsurance obligations

1 The linear formula component for life insurance and reinsurance obligations shall be equal to the following:

$$MCR_{\text{linear},l} = 0,037 \times TP_{(\text{life},1)} - 0,052 \times TP_{(\text{life},2)} + 0,007 \times TP_{(\text{life},3)} + 0,021 \times TP_{(\text{life},4)} + 0,0007 \times CAR$$

where:

- (a) $TP_{(\text{life},1)}$ denotes the technical provisions without a risk margin in relation to guaranteed benefits for life insurance obligations with profit participation, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero, and technical provisions without a risk margin for reinsurance obligations where the underlying life insurance obligations include profit participation, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero;
- (b) $TP_{(\text{life},2)}$ denotes the technical provisions without a risk margin in relation to future discretionary benefits for life insurance obligations with profit participation, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero;
- (c) $TP_{(\text{life},3)}$ denotes the technical provisions without a risk margin for index-linked and unit-linked life insurance obligations and reinsurance obligations relating to such insurance obligations, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero;
- (d) $TP_{(\text{life},4)}$ denotes the technical provisions without a risk margin for all other life insurance and reinsurance obligations, after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero;
- (e) CAR denotes the total capital at risk, being the sum, in relation to each contract that give rise to life insurance or reinsurance obligations, of the capital at risk of the

Status: Point in time view as at 30/06/2024.

Changes to legislation: Commission Delegated Regulation (EU) 2015/35, Article 251 is up to date with all changes known to be in force on or before 22 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)

contracts, where the capital at risk of a contract means the higher of zero and the difference between the following two amounts:

- (i) the sum of all of the following:
 - the amount that the insurance or reinsurance undertaking would currently pay in the event of the death or disability of the persons insured under the contract after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles;
 - the expected present value of amounts not covered in the previous indent that the undertaking would pay in the future in the event of the immediate death or disability of the persons insured under the contract after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles;
- (ii) the best estimate of the corresponding obligations after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles.

2 Technical provisions referred to in points (a) to (d) of paragraph (1), shall not include any of the following:

- a amounts recoverable from reinsurance contracts or special purpose vehicles that cannot be taken into account in accordance with Article 41(3) and (5);
- b amounts recoverable from reinsurance contracts or special purpose vehicles that do not comply with Articles 209 to 215 or Article 235.

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