

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 III

RULES RELATING TO TECHNICAL PROVISIONS

SECTION 3

Methodologies to calculate technical provisions

Subsection 1

Assumptions underlying the calculation of technical provisions

Article 26

Policyholder behaviour

When determining the likelihood that policy holders will exercise contractual options, including lapses and surrenders, insurance and reinsurance undertakings shall conduct an analysis of past policyholder behaviour and a prospective assessment of expected policyholder behaviour. That analysis shall take into account all of the following:

- (a) how beneficial the exercise of the options was and will be to the policy holders under circumstances at the time of exercising the option;
- (b) the influence of past and future economic conditions;
- (c) the impact of past and future management actions;
- (d) any other circumstances that are likely to influence decisions by policyholders on whether to exercise the option.

The likelihood shall only be considered to be independent of the elements referred to in points (a) to (d) where there is empirical evidence to support such an assumption.

Changes to legislation:

Commission Delegated Regulation (EU) 2015/35, Article 26 is up to date with all changes known to be in force on or before 22 September 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.

[View outstanding changes](#)

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\(7\)](#)