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

VALUATION AND RISK-BASED CAPTAL REQUIREMENTS (PILLAR I), ENHANCED GOVERNANCE (PILLAR II) AND INCREASED TRANPARENCY (PILLAR III)

CHAPTER V

SOLVENCY CAPITAL REQUIREMENT STANDARD FORMULA

SECTION 1

General provisions

Subsection 1

Scenario based calculations

Article 83

1 Where the calculation of a module or sub-module of the Basic Solvency Capital Requirement is based on the impact of a scenario on the basic own funds of insurance and reinsurance undertakings, all of the following assumptions shall be made in that calculation:

a the scenario does not change the amount of the risk margin included in technical provisions;
b the scenario does not change the value of deferred tax assets and liabilities;
c the scenario does not change the value of future discretionary benefits included in technical provisions;
d no management actions are taken by the undertaking during the scenario.

2 The calculation of technical provisions arising as a result of determining the impact of a scenario on the basic own funds of insurance and reinsurance undertakings as referred to in paragraph 1 shall not change the value of future discretionary benefits, and shall take account of all of the following:

a without prejudice to point (d) of paragraph 1, future management actions following the scenario, provided they comply with Article 23;
b any material adverse impact of the scenario or the management actions referred to in point (a) on the likelihood that policy holders will exercise contractual options.

3 Insurance and reinsurance undertakings may use simplified methods to calculate the technical provisions arising as a result of determining the impact of a scenario as referred to in paragraph 1, provided that the simplified method does not lead to a misstatement of the Solvency

Capital Requirement that could influence the decision-making or the judgement of the user of the information relating to the Solvency Capital Requirement, unless the simplified calculation leads to a Solvency Capital Requirement which exceeds the Solvency Capital Requirement that results from the calculation according to the standard formula.

4 The calculation of assets and liabilities arising as a result of determining the impact of a scenario as referred to in paragraph 1 shall take account of the impact of the scenario on the value of any relevant risk mitigation instruments held by the undertaking which comply with Articles 209 to 215.

5 Where the scenario would result in an increase in the basic own funds of insurance and reinsurance undertakings, the calculation of the module or sub-module shall be based on the assumption that the scenario has no impact on the basic own funds.