

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 248

Minimum Capital Requirement

1 The Minimum Capital Requirement shall be equal to the following:

$$MCR = \max(MCR_{combined}; AMCR)$$

where:

- (a) $MCR_{combined}$ denotes the combined Minimum Capital Requirement;
- (b) $AMCR$ denotes the absolute floor referred to in Article 129(1)(d) of Directive 2009/138/EC and in Article 253 of this Regulation.

2 The combined Minimum Capital Requirement shall be equal to the following:

$$MCR_{combined} = \min(\max(MCR_{linear}; 0,25 \times SCR); 0,45 \times SCR)$$

where:

- (a) MCR_{linear} denotes the linear Minimum Capital Requirement, calculated in accordance with Articles 249 to 251;
- (b) SCR denotes the Solvency Capital Requirement, calculated in accordance with Chapter V or in accordance with Chapter VI where approval for the use of full or partial internal model has been granted.

Article 249

Linear Minimum Capital Requirement

The linear Minimum Capital Requirement shall be equal to the following:

$$MCR_{linear} = MCR_{(linear,nl)} + MCR_{(linear,l)}$$

where:

- (a) $MCR_{(linear,nl)}$ denotes the linear formula component for non-life insurance and reinsurance obligations;

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- (b) $MCR(\text{linear};l)$ denotes the linear formula component for life insurance and reinsurance obligations.

Article 250

Linear formula component for non-life insurance and reinsurance obligations

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

$$MCR_{(\text{linear},nl)} = \sum_s \alpha_s \times TP_{(nl,s)} + \beta_s \times P_s$$

where:

- (a) the sum covers all segments set out in Annex XIX;
- (b) $TP_{(nl,s)}$ denotes the technical provisions without a risk margin for non-life insurance and reinsurance obligations in the segment s after deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles, with a floor equal to zero;
- (c) P_s denotes the premiums written for insurance and reinsurance obligations in the segment s during the last 12 months, after deduction of premiums for reinsurance contracts, with a floor equal to zero;
- (d) the factors α_s and β_s are set out in Annex XIX.

2 Technical provisions referred to in point (b) of paragraph (1) shall not include any of the following amounts:

- a amounts recoverable from reinsurance contracts or special purpose vehicles that cannot be taken into account in accordance with of Article 41(3) and (5);
- b amounts recoverable from reinsurance contracts or special purpose vehicles, that do not comply with Articles 209, 210, 211 and 213 or with Article 235.

3 In the calculation of premiums written after deduction of premiums for reinsurance contracts referred to in point (c) of paragraph (1), the following premiums for reinsurance contracts shall not be deducted:

- a premiums in relation to non-insurance events or settled insurance claims that are not accounted for in the cash-flows referred to in Article 41(3);
- b premiums for reinsurance contracts that do not comply with Articles 209, 210, 211 and 213 or with Article 235.

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

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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) $TP_{(life,2)}$ 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) $TP_{(life,3)}$ 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) $TP_{(life,4)}$ 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 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.

Article 252

Minimum Capital Requirement: composite insurance undertakings

1 The notional life Minimum Capital Requirement and the notional non-life Minimum Capital Requirement referred to in Article 74(2) of Directive 2009/138/EC shall be calculated in accordance with paragraphs 2 to 11 of this Article.

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2 The notional non-life Minimum Capital Requirement shall be equal to the following:

$$NMCR_{nl} = \max (NMCR_{(combined,nl)}; AMCR_{nl})$$

where:

- (a) $NMCR_{(combined,nl)}$ denotes the notional combined non-life Minimum Capital Requirement;
- (b) $AMCR_{nl}$ denotes the absolute floor prescribed in Article 129(1)(d)(i) of Directive 2009/138/EC and in Article 253 of this Regulation.

3 The notional combined non-life Minimum Capital Requirement shall be equal to the following:

$$NMCR_{(combined,nl)} = \min (\max (NMCR_{(linear,nl)}; 0,25 \times (NSCR_{nl} + Addon_{nl})); 0,45 \times (NSCR_{nl} + Addon_{nl}))$$

where:

- (a) $NMCR_{(linear,nl)}$ denotes the notional linear Minimum Capital Requirement for non-life insurance or reinsurance activity;
- (b) $NSCR_{nl}$ denotes the notional Solvency Capital Requirement for non-life insurance or reinsurance activity;
- (c) $Addon_{nl}$ denotes the part of the capital add-ons, set by the supervisory authority ^{F1}..., which has been apportioned by that supervisory authority to the non-life insurance or reinsurance activity of the insurance or reinsurance undertaking.

4 The notional linear Minimum Capital Requirement for non-life insurance or reinsurance activity shall be equal to the following:

$$NMCR_{(linear,nl)} = MCR_{(nl,nl)} + MCR_{(l,nl)}$$

where:

- (a) $MCR_{(nl,nl)}$ denotes the linear formula component for non-life insurance and reinsurance obligations relating to non-life insurance or reinsurance activity;
- (b) $MCR_{(l,nl)}$ denotes the linear formula component for life insurance and reinsurance obligations relating to non-life insurance or reinsurance activity.

5 $MCR_{(nl,nl)}$ and $MCR_{(l,nl)}$ shall be calculated in the same way as $MCR_{(linear,nl)}$ and $MCR_{(linear,l)}$ referred to in Articles 250 and 251 of this Regulation respectively, but the technical provisions or premiums written used in the calculation shall only relate to the insurance and reinsurance obligations of non-life insurance or reinsurance activity in the classes of non-life insurance referred to in Annex I of Directive 2009/138/EC.

6 The notional Solvency Capital Requirement for non-life insurance or reinsurance activity shall be equal to the following:

$$NSCR_{nl} = \frac{NMCR_{(linear,nl)}}{NMCR_{(linear,nl)} + NMCR_{(linear,l)}} \times SCR$$

where:

- (a) SCR denotes the Solvency Capital Requirement calculated in accordance with Title I, Chapter VI, Section 4, Subsection 2 of Directive 2009/138/EC or with Title I, Chapter VI, Section 4, Subsection 3 of Directive 2009/138/EC, which shall for the purposes of this Article exclude any capital add-on imposed ^{F2}...;
- (b) $NMCR_{(linear,nl)}$ denotes the notional linear non-life Minimum Capital Requirement for non-life insurance or reinsurance activity;

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(c) $NMCR_{(linear,l)}$ denotes the notional linear Minimum Capital Requirement for life insurance or reinsurance activity.

7 The notional life Minimum Capital Requirement shall be equal to the following:

$$NMCR_l = \max(NMCR_{(combined,l)}; AMCR_l)$$

where:

(a) $NMCR_{(combined,l)}$ denotes the notional combined life Minimum Capital Requirement;

(b) $AMCR_l$ denotes the absolute floor prescribed in Article 129(1)(d)(ii) of Directive 2009/138/EC.

8 The notional combined life Minimum Capital Requirement shall be equal to the following:

$$NMCR_{(combined,l)} = \min(\max(NMCR_{(linear,l)}; 0,25 \times (NSCR_l + Addon_l)); 0,45 \times (NSCR_l + Addon_l))$$

where:

(a) $NMCR_{(linear,l)}$ denotes the notional linear Minimum Capital Requirement for life insurance or reinsurance activity;

(b) $NSCR_l$ denotes the notional Solvency Capital Requirement for life insurance or reinsurance activity;

(c) $Addon_l$ denotes the part of the capital add-ons, set by the supervisory authority^{F3}..., which has been apportioned by that supervisory authority to the life insurance or reinsurance activity of the insurance or reinsurance undertaking.

9 The notional linear Minimum Capital Requirement for life insurance or reinsurance activity shall be equal to the following:

$$NMCR_{(linear,l)} = MCR_{(nl,l)} + MCR_{(l,l)}$$

where:

(a) $MCR_{(nl,l)}$ denotes the linear formula component for non-life insurance and reinsurance obligations relating to life insurance or reinsurance activity;

(b) $MCR_{(l,l)}$ denotes the linear formula component for life insurance and reinsurance obligations relating to life insurance or reinsurance activity.

10 $MCR_{(nl,l)}$ and $MCR_{(l,l)}$ shall be calculated in the same way as $MCR_{(linear,nl)}$ and $MCR_{(linear,l)}$ referred to in Article 250 and 251 of this Regulation respectively, but the technical provisions or premiums written used in the calculation shall only relate to the insurance and reinsurance obligations of life insurance or reinsurance activity in the classes of life insurance referred to in Annex II of Directive 2009/138/EC.

11 The notional Solvency Capital Requirement for life insurance or reinsurance activity shall be equal to the following:

$$NSCR_l = \frac{NMCR_{(linear,l)}}{NMCR_{(linear,nl)} + NMCR_{(linear,l)}} \times SCR$$

where:

(a) SCR denotes the Solvency Capital Requirement calculated in accordance with Title I, Chapter VI, Section 4, Subsection 2 of Directive 2009/138/EC or with Title I, Chapter VI, Section 4, Subsection 3 of Directive 2009/138/EC, which shall for the purposes of this Article exclude any capital add-on imposed^{F4}...;

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- (b) $NMCR_{(linear,nl)}$ denotes the notional linear non-life Minimum Capital Requirement for non-life insurance or reinsurance activity;
- (c) $NMCR_{(linear,l)}$ denotes the notional linear Minimum Capital Requirement for life insurance or reinsurance activity.

Textual Amendments

- F1** Words in Art. 252(3)(c) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **11(38)(a)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2) and with savings in S.I. 2019/680, reg. 11)
- F2** Words in Art. 252(6)(a) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **11(38)(b)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2) and with savings in S.I. 2019/680, reg. 11)
- F3** Words in Art. 252(8)(c) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **11(38)(a)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2) and with savings in S.I. 2019/680, reg. 11)
- F4** Words in Art. 252(11)(a) omitted (31.12.2020) by virtue of [The Solvency 2 and Insurance \(Amendment, etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/407\)](#), regs. 1(2), **11(38)(b)** (as amended by S.I. 2020/1385, regs. 1(2), 54(2) and with savings in S.I. 2019/680, reg. 11)

Article 253

Absolute floor of the Minimum Capital Requirement

1 The absolute floor of the Minimum Capital Requirement for insurance undertakings that have obtained the authorisations referred to in points (a) or (b) of Article 73(2) of Directive 2009/138/EC shall be the sum of the amounts set out in points (i) and (ii) of Article 129(1)(d) of that Directive.

2 Where the gross written premiums for non-life insurance business listed in classes 1 and 2 in Part A of Annex 1 of Directive 2009/138/EC do not exceed 10 % of total gross written premiums of the undertaking as a whole, the absolute floor of the Minimum Capital Requirement shall be equal to the amount set out in point (ii) of Article 129(1) (d) of that Directive.

3 Where the gross written premiums for life insurance business do not exceed 10 % of total gross written premiums of the undertaking as a whole, the absolute floor of the Minimum Capital Requirement shall be equal to the amount set out in point (ii) of Article 129(1) (d) of that Directive.

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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\(7\)](#)