
STATUTORY INSTRUMENTS

2023 No. 1346

The Insurance and Reinsurance Undertakings (Prudential Requirements) (Risk Margin) Regulations 2023

Amendment of Commission Delegated Regulation (EU) 2015/35

2.—(1) 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)(1) is amended as follows.

(2) In Article 37 (calculation of the risk margin), in paragraph 1—

(a) for the formula substitute—

$$\text{RM} = \text{CoC} \times \sum_{t \geq 0} \frac{\text{SCR}(t) \times \max(\lambda^t, \lambda_{\text{floor}})}{(1+r(t+1))^{t+1}};$$

(b) after sub-paragraph (d) insert—

“(e) “ λ ” denotes the risk tapering factor, and equals—

- (i) 0.9 for life insurance and reinsurance obligations, and
- (ii) 1.0 for non-life insurance and reinsurance obligations;

(f) “

$$\lambda^t$$

” denotes the risk tapering factor to the power of t years;

(g) “

$$\lambda_{\text{floor}}$$

” denotes the floor of the risk tapering factor, and equals 0.25.”.

(3) In Article 39 (cost-of-capital rate), for “6%” substitute “4%”.

(4) In Article 312 (deadlines for submitting supervisory reports)—

- (a) omit paragraphs 1(a) and 3;
- (b) in paragraph 2, omit from “, subject to” to the end.