

S.25.02. – Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

General comments:

This Annex contains additional instructions in relation to the templates included in Annex I of this Regulation. The first column of the next table identifies the items to be reported by identifying the columns and lines as showed in the template in Annex I.

This annex relates to opening and annual submission of information for individual entities, ring fenced-funds, matching adjustment portfolios and remaining part.

The components to be reported shall be agreed between national supervisory authorities and insurance and reinsurance undertakings.

The variant S.25.01.1 has to be filled in for each ring-fenced fund (RFF), each matching adjustment portfolio (MAP) and for the remaining part. However, where a RFF/MAP includes a MAP/RFF embedded, the fund should be treated as different funds. This template should be reported for all sub-funds of a material RFF/MAP as identified in the second table of S.01.03.

The variant S.25.02.1 shall be reported by ring-fenced fund, matching adjustment portfolio and the remaining part for every undertaking under a partial internal model. This includes undertakings where a partial internal model is applied to a full ring-fenced fund and/or matching adjustment portfolio while the other ring-fenced funds and/or matching adjustment portfolios are under the standard formula.

For those undertakings under a partial internal model to which the adjustment due to the aggregation of the nSCR of RFF/MAP is applicable, where the entity has MAP or RFF (except those under the scope of art. 304) when reporting at the level of the whole undertaking, the nSCR at risk module level and the loss-absorbing capacity (LAC) of technical provisions and deferred taxes to be reported shall be calculated as follows:

- Where the undertaking applies the full adjustment due to the aggregation of the nSCR of the RFF/MAP at entity level: the nSCR is calculated as if no RFF and the LAC shall be calculated as the sum of the LAC across all RFF/MAP and RP;
- Where the undertaking applies the Simplification at risk sub-module level to aggregate the nSCR of the RFF/MAP at entity level the the nSCR and LAC are calculated considering a direct summation at sub-module level method,
- Where the undertaking applies the Simplification at risk module level to aggregate the nSCR of the RFF/MAP at entity level the nSCR and LAC are calculated considering a direct summation at module level method.

The adjustment due to the aggregation of the nSCR of the RFF/MAP at entity level shall be allocated (C0060) to the relevant risk modules (i.e. market risk, counterparty default risk, life underwriting risk, health underwriting risk and non-life underwriting risk) when calculated according to the standard formula. The amount to be allocated to each relevant risk module shall be calculated as follows:

- Calculation of “q factor” = $\frac{adjustment}{BSCR' - nSCR_{int}}$, where
 - o *adjustment* = Adjustment calculated according to one of the three methods referred above
 - o *BSCR'* = Basic solvency capital requirement calculated according the information reported in this template
 - o *nSCR_{int}* = nSCR for intangible assets risk according to the information reported in this template
- Multiplication of this “q factor” by the nSCR of each relevant risk module (i.e. market risk, counterparty default risk, life underwriting risk, health underwriting risk and non-life underwriting risk)

	ITEM	INSTRUCTIONS
Z0020	Ring-fenced fund, matching adjustment portfolio or Remaining Part	Identifies whether the reported figures are with regard to a RFF, matching adjustment portfolio or to the remaining part. One of the options in the following closed list shall be used: 1 – RFF/MAP 2 – Remaining part
Z0030	Fund/Portfolio number	Identification number for a ring fenced fund or matching adjustment portfolio. This number is attributed by the undertaking and must be consistent over time and with the fund/portfolio number reported in other templates, e.g. S.26.02, S.14.01, S.23.01. This item is to be completed only when item Z0020 = 1
C0010 (A1)	Unique number of component	Unique number of each component. This number shall always be used with the appropriate component description reported in each item. Where the PIM allow the same split by risk module than the one in the standard formula, the following numbers of components shall be used: - 1 - Market risk - 2 - Counterparty default risk - 3 - Life underwriting risk - 4 - Health underwriting risk - 5 - Non-life underwriting risk - 6 - Intangible asset risk - 7 - Operational risk - 8 - LAC TP (negative amount) - 9 - LAC DT (negative amount) Where standard formula risk modules cannot be reported, undertaking shall attribute a number to each component different from 1 to 7. This number shall always be used with the appropriate component description reported in each item C0030. The numbers of the components shall be kept consistent over time.
C0020 (A1A)	Components description	Identification, using free text, of each of the components that can be identified by the undertaking. These components shall be aligned with standard formula risk modules if possible according to the partial internal model. Each component shall be identified using a separate entry. Undertakings shall identify and report components consistently across different reporting periods, unless there has been some change to the internal model affecting the categories. Loss-absorbing capacity of technical provisions and/or deferred taxes not embedded within components shall be reported as separated components.
C0030 (B1)	Calculation of the Solvency Capital Requirement	Amount of the capital charge for each component regardless of the method of calculation (either SF or PIM), after the adjustments for loss-absorbing capacity of technical provision and/or deferred taxes when they are embedded in the component calculation.

		<p>For the components Loss absorbing capacity of technical provisions and/or deferred taxes when reported as a separate component it should be the amount of the loss-absorbing capacity (these amounts should be reported as negative values)</p> <p>For components calculated using the standard formula this cell represents the gross nSCR. For components calculated using the partial internal model, this represents the value considering the future management actions with are embedded in the calculation, but not whose which are modelled as a separate component.</p> <p>This amount shall fully consider diversification effects according to article 304 of Directive 2009/138/EC where applicable where applicable.</p> <p>When applicable, this cell do not include the allocation of the adjustment due to the aggregation of the nSCR of the RFF/MAP at entity level.</p>
C0050	Allocation from adjustments due to RFF and Matching adjustment portfolios	Where applicable, part of the adjustment allocated to each risk module according to the procedure described in the general comments
C0060 (A1B)	Consideration of the future management actions regarding technical provisions and/or deferred taxes	<p>To identify if the future management actions relating to the loss absorbing capacity of technical provisions and/or deferred taxes are embedded in the calculation. The following closed list of options shall be used:</p> <p>1 – Future management actions regarding the loss-absorbing capacity of technical provisions embedded within the component</p> <p>2 – Future management actions regarding the loss-absorbing capacity of deferred taxes embedded within the component</p> <p>3 – Future management actions regarding the loss-absorbing capacity of technical provisions and deferred taxes embedded within the component</p> <p>4 – No embedded consideration of future management actions.</p>
C0070	Amount modelled	For each component this cell represents the amount calculated according to the partial internal model.
R0110/C0100 (B2)	Total of undiversified components	Sum of all components.
R0060/C0100 (B3)	Diversification	The total amount of the diversification within components. This amount should be reported as negative value.
R0120/C0100	Adjustment due to RFF/MAP nSCR aggregation	When applicable, adjustment to correct the bias on SCR calculation due to aggregation of RFF/MAP nSCR at risk module level.
R0160/C0100 (A17)	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	Amount of the capital requirement, calculated according to the rules stated in Art. 17 of Directive 2003/41/EC, for ring-fenced funds relating to pension business operated under Art. 4 of Directive 2003/41/EC to which transitional measures are applied. This item is be reported only during the transitional period..

R0200/C0100 (A14C)	Solvency capital requirement, excluding capital add-ons	Amount of the total diversified SCR before any capital add-on.
R0210/C0100 (A19)	Capital add-ons already set	Amount of capital add-ons that had been set at the reporting reference date. It will not include capital add-ons set between that date and the submission of the data to the supervisory authority, nor any set after the submission of the data.
R0220/C0100 (A20)	Solvency Capital Requirement	Overall capital requirement including capital add-ons
Other information on SCR		
R0300/C0100 (B5)	Amount/Estimate of the overall loss-absorbing capacity of technical provisions	Amount/Estimate of the overall adjustment for loss-absorbing capacity of technical provisions, including the part embedded in the components and the part reported as a single component.
R0310/C0100 (B6)	Amount/Estimate of the loss absorbing capacity for deferred taxes	Amount/Estimate of the overall adjustment for deferred taxes, including the part embedded in the components and the part reported as a single component.
R0400/C0100	Capital requirement for duration-based equity risk sub-module	Amount of the capital requirement for duration-based equity risk sub-module.
R0410/C0100 (B8AA)	Total amount of notional Solvency Capital Requirements for remaining part	Amount of the notional SCRs of remaining part when undertaking has RFF.
R0420/C0100 (B8)	Total amount of Notional Solvency Capital Requirements for ring fenced funds	Amount of the sum of notional SCRs of all ring-fenced funds when undertaking has RFF.
R0430/C0100	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	Amount of the sum of notional SCRs of all matching adjustment portfolios This item does not have to be reported when reporting SCR calculation at RFF or matching adjustment portfolio level.
R0440/C0100	Diversification effects due to RFF nSCR aggregation for article 304	Amount of the adjustment for a diversification effect between ring fenced funds under article 304 and remaining part where applicable. It shall be equal to the difference between the sum of the nSCR for each RFF/MAP/RP and the SCR reported in R0200/C0090.
R0450/C0100	Method used to calculate the adjustment due to RFF nSCR aggregation	Method used to calculate the adjustment due to RFF nSCR aggregation. One of the following option shall be used: 1 - Full recalculation 2 - Simplification at risk sub-module level 3 - Simplification at risk module level 4 - No adjustment

		When the undertaking has no RFF (or have only RFF under article 304) it shall select option 4.
R0460/C0100 (A11B)	Net future discretionary benefits	Amount of technical provisions without risk margin in relation to future discretionary benefits net of reinsurance.