



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Guidance on Applications for Approval of Undertaking Specific Parameters – 2018

1. Overview

1.1 “Solvency II Information Note 1 – Applications for approval of certain items specified in Article 308a of the Solvency II Directive”, “Solvency II Information Note 3 – Applications for approval of certain items specified in Article 308a of the Solvency II Directive”, and “Solvency II Information Note 4 – Applications for approval of certain items specified in Article 308a of the Solvency II Directive – Undertaking Specific Parameters” have been replaced by the following:

- Guidance on Applications for Approval of Ancillary Own Funds;
- Guidance on Applications for Approval of Basic Own Funds & Capital Contributions;
- Guidance on Applications for Approval of the Matching Adjustment;
- Guidance on Applications for Approval of the Volatility Adjustment;
- Guidance on Applications for Approval of Transitional Risk Free Interest Rates;
- Guidance on Applications for Approval of Transitional Technical Provisions;
- Guidance on Applications for Approval of Undertaking Specific Parameters.

1.2 Regulation 117(8) of the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015) requires (re)insurance undertakings to obtain prior approval from the Central Bank (hereafter ‘Central Bank’) if they wish to apply undertaking-specific parameters within the standard formula calculation of the Solvency Capital Requirement.

2. Approvals Process for Applications

- 2.1 This document provides guidance in relation to the Central Bank's requirement for undertakings to apply to use undertaking-specific parameters as outlined in Regulation 117(8). In order to ensure an efficient application process and avoid unnecessary delays in the review of those applications it is vital that undertakings submit applications, which include all relevant information necessary for the assessment and decision by the Central Bank. The complete application should be submitted in electronic copy to your usual supervisory contact.

3. Undertaking Specific Parameters

- 3.1 Regulation 117(8) requires that (re)insurance undertakings obtain prior approval from the Central Bank in order to apply an undertaking-specific parameter.
- 3.2 Applications for the approval of undertaking-specific parameters should include all items required in Commission Implementing Regulation EU 2015/498 of 24 March 2015 (the “Commission Implementing Regulation”) on the approval procedure to use undertaking-specific parameters¹.
- 3.3 A checklist for the completion of an application for the use of undertaking-specific parameter is provided below. This is guided by of the relevant Articles of the Commission Implementing Regulation.
- 3.4 In order to ensure an efficient application process and avoid unnecessary delays in the review of those applications it is vital that undertakings submit applications which include all relevant information necessary for the assessment and decision by the Central Bank. Failure to provide all of the necessary evidence will result in the application being deemed incomplete.
- 3.5 The complete application should be submitted in electronic format to your usual supervisory contact.

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0498&from=EN>

Appendix 1: Undertaking Specific Parameters Application Checklist

- Complete all sections of this checklist.
- Insert the relevant section or page number from your application in the column marked 'Applicant'.

	Applicant
Article 1 Application for approval of the use of undertaking-specific parameters	
1. Insurance and reinsurance undertakings applying for approval of the use of undertaking-specific parameters to replace a subset of parameters of the standard formula shall submit a written application for prior approval by the Central Bank.	
2. The application shall be submitted in English (or Irish if desired)	
3. The application by the insurance or reinsurance undertaking shall contain the following:	
a. documentary evidence of the insurance or reinsurance undertaking's internal decision-making process related to the application;	
b. a specific start date from which the use of the undertaking-specific parameters is requested;	
c. the subset of standard parameters which are requested to be replaced by undertaking-specific parameters;	
d. for each segment the standardised method used and the insurance and reinsurance undertaking-specific parameter value obtained by using this method;	
e. the calculation of the undertaking-specific parameter the undertaking applies to use and information that the calculation is adequate;	

	Applicant
f. evidence that data used to calculate the undertaking-specific parameters are complete, accurate and appropriate and they fulfil the requirements set out in Article 219 of Commission Delegated Regulation (EU) 2015/35;	
g. a justification that each standardised method to calculate the undertaking-specific parameter for a single segment provides the most accurate result for the fulfilment of the requirements set out in Regulation 114.	
4. In addition to the material specified in paragraph 3, the application shall also contain a list of the other applications submitted by the insurance or reinsurance undertaking, or currently foreseen within the next six months, together with the corresponding application dates.	

Article 2 Accuracy of the results	
1. When demonstrating the accuracy of the results, insurance and reinsurance undertakings shall assess the appropriateness of the standardised method for the undertaking's data, whether their assumptions are fulfilled and whether data are relevant to the undertaking's risk profile.	

T: +353 (0)1 224 6000

www.centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem