**Supplementary information for applications relating to group solvency calculation method**

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| Group name |  | |
| Firm reference number (if applicable) |  | |
| Date of application |  | |
| Address |  | |
| Application number  (for PRA use only) | | |  |

The information below should be submitted by firms to allow the PRA to consider an application to use the deduction and aggregation method (method 2 as set out in Article 233 of the Solvency II Directive) or a combination of methods instead of the Consolidation method (method 1 as set out in Article 230 of the Solvency II Directive).

Firms should submit this information with the Solvency II waiver application form to [PRA-waivers@bankofengland.co.uk](mailto:PRA-waivers@bankofengland.co.uk).

Please note that the group needs to make a separate application for each subsidiary for which the group is looking to obtain method 2 approval. Groups cannot apply for method 2 approval at a subgroup/consolidated level.

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| 1. General information on firm(s) seeking to use deduction and aggregation (method 2). This should include:    1. Name of the firm    2. Firm reference number    3. Jurisdiction where the firm is authorised (please provide the jurisdiction, as per Articles 225 and 227(1) of Solvency II.)    4. Authority which performs the prudential supervision of the firm    5. Authority which has authorised the firm (if different from 1d)    6. Organogram of the group, highlighting the firm(s) seeking to use method 2. |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Name** | **Firm ref #** | **Jurisdiction** | **Supervisory authority** | **Authorisation authority  (if different)** | | *Firm 1* | *ABC123* | *IT* | *IVASS* | *IVASS* | | *Firm 2* | *…* | *…* | *…* | *…* | | *…* | *…* | *…* | *…* | *…* | |
| 1. Is the jurisdiction(s) listed above deemed equivalent or provisionally equivalent according to Article 227 of the Solvency II Directive at the time of application? If not, please indicate:    1. your current working assumption on how you expect to treat this undertaking in the group solvency calculation – i.e. on solvency II basis or local regulatory basis and provide a rationale for your working assumption.    2. If your answer to 2(a) is local basis, please indicate your contingency plan if you do not get approval to use method 2 or equivalence is not granted to the relevant jurisdiction. |
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| 1. Provide a rationale for why you are seeking approval to use Method 2 (‘Deduction and Aggregation’), or a combination of methods 1 and 2 and briefly outline how you believe firm(s) listed in 1 meet the “elements” set out in Article 328 of the Delegated Act. |
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| 1. **Financial and business information on accounting basis**   Provide the following information from the most recent financial accounts for each undertaking you are seeking to use method 2 for:   * 1. Year end for which the information is being reported?   2. Accounting basis – IFRS, UK GAAP, US GAAP etc.   3. Total GWP   4. Total Assets   5. Total Liabilities   6. Total retained earnings   7. Total insurance liabilities   8. Brief description of the products the undertaking is authorised to write   9. Brief description of the products and risks underwritten by the undertaking |
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| 1. **Regulatory capital information**   Please provide the estimated impact on the group solvency calculation – with and without the method 2 approval of the firm(s) listed in 1, highlighting any simplifications made in approximating these. In addition to this estimate, please provide the following:   1. What the group expects to include in the group solvency for the firm(s) in 1: capital resources, capital requirements and the valuation basis. 2. Own funds and the SCR for the firm. If groups are using local basis then please provide approximate own funds and SCR calculations for these firms, highlighting any simplifications made in approximating these. |
| |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | |  | **Included in the group solvency calculation** | | | **Solvency II basis** | | | **Name** | **Own funds / capital resources** | **SCR / capital requirements** | **Valuation basis** | **Own funds** | **SCR** | | *Firm 1* | *£xxm* | *£xxm* | *Local or SII* | *£xxm* | *£xxm* | | *Firm 2* | *…* | *…* | *…* | *…* | *…* | |
| 1. Should the method 2 application be approved, how do you intend to include the undertaking in the group solvency calculation: Local basis, Solvency II Standard Formula or Solvency II Internal Model? In your response: 2. Highlight and explain any limitations in the availability (particularly granularity needed for Solvency II), accuracy and completeness of the data which would make it insufficient to include the undertaking in method 1. 3. Highlight and explain whether the data meets the Solvency II data quality requirements for the purposes of calculating the Solvency II balance sheet and the SCR, in particular the technical provisions, as set out in the Solvency II Directive. 4. Highlight and explain if there are any limitations in the data that would prohibit the firm to undertake the provisions set out in Chapter VI section 3[[1]](#footnote-1) and the related Level 2 requirements? 5. Where there a group internal model and the undertaking seeking method 2 approval is not included in the group internal model, please explain why the undertaking has been excluded from the group internal model. Particular attention should be given to the materiality and the relevance of the risks of the excluded entity in the context of the group. Also provide evidence demonstrating why the risks of the entity would be sufficiently immaterial to the overall risk profile of the group to warrant exclusion. |
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| 1. For each undertaking seeking method 2 approval, provide a list of intra-group transactions between the undertaking seeking approval and all other related undertakings (including transactions with other undertakings seeking method 2 approval) within in the group. 2. Provide a list of all intra-group transactions in excess of 10% of the solo’s insurance reserves as reported in the financial accounts of the most recent year 3. Where such transactions arise from intra-group reinsurance arrangements, please assess this on a gross basis and show separately any collateral or security held together with the resulting net credit risk exposure. 4. What dividend, if any, was paid by the third country related undertaking to the group or other related undertakings in the last two years? 5. What capital and loans have been made to the firm by the group or other related undertakings in the last two years? 6. Have there been any unplanned capital contributions or loan provided to the firm by the group or other related undertakings in the last two years? |
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| 1. For each firm seeking method 2 approval, provide an estimate operational cost for including that firm in method 1. The cost should roughly be broken down into the following three components: 2. Costs associated with added calculation activities 3. Costs associated with added reporting activities 4. Costs associated with added risk management activities |
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| 1. Please provide any additional information which you consider relevant but which has not been asked for explicitly. |
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1. [↑](#footnote-ref-1)