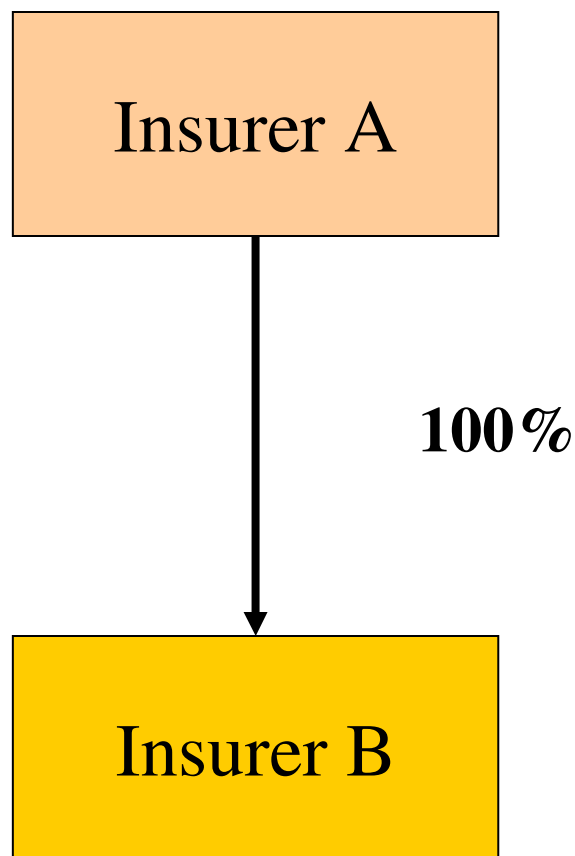


# Example 1: participation

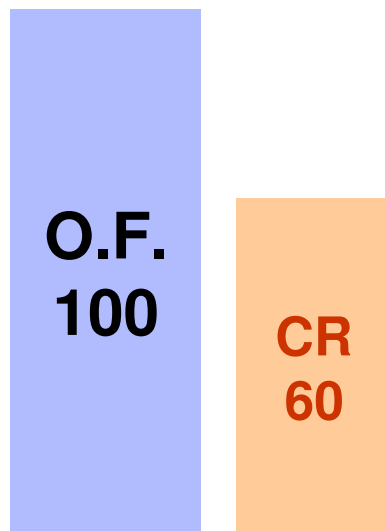


# Example 1: participation

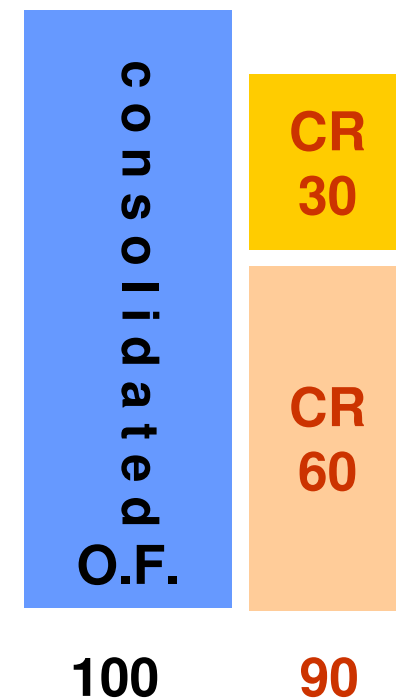
**Under solvency 1**

**group A + B**

**ins. A**



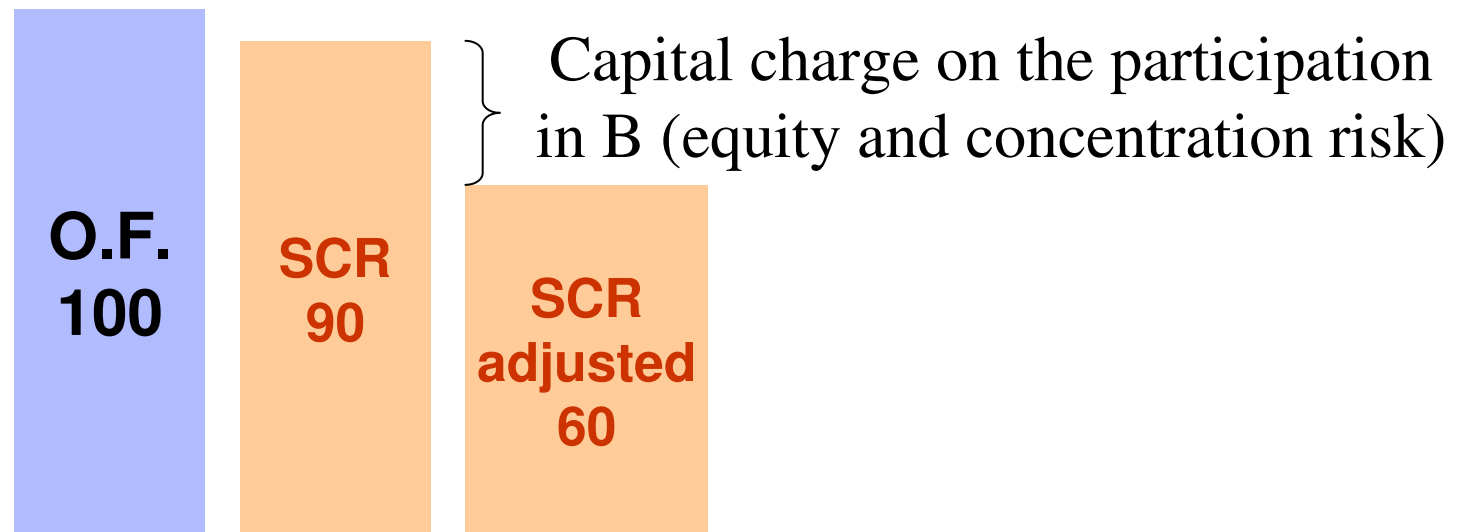
**ins. B**



# Example 1: participation

**solo**

**ins. A**



# Example 1: participation

**solo**

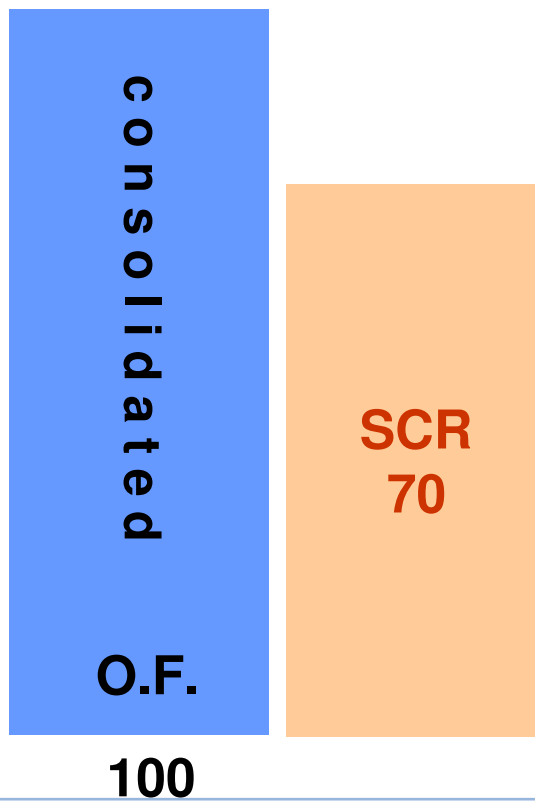
**ins. B**



# Example 1: participation

## Consolidated method

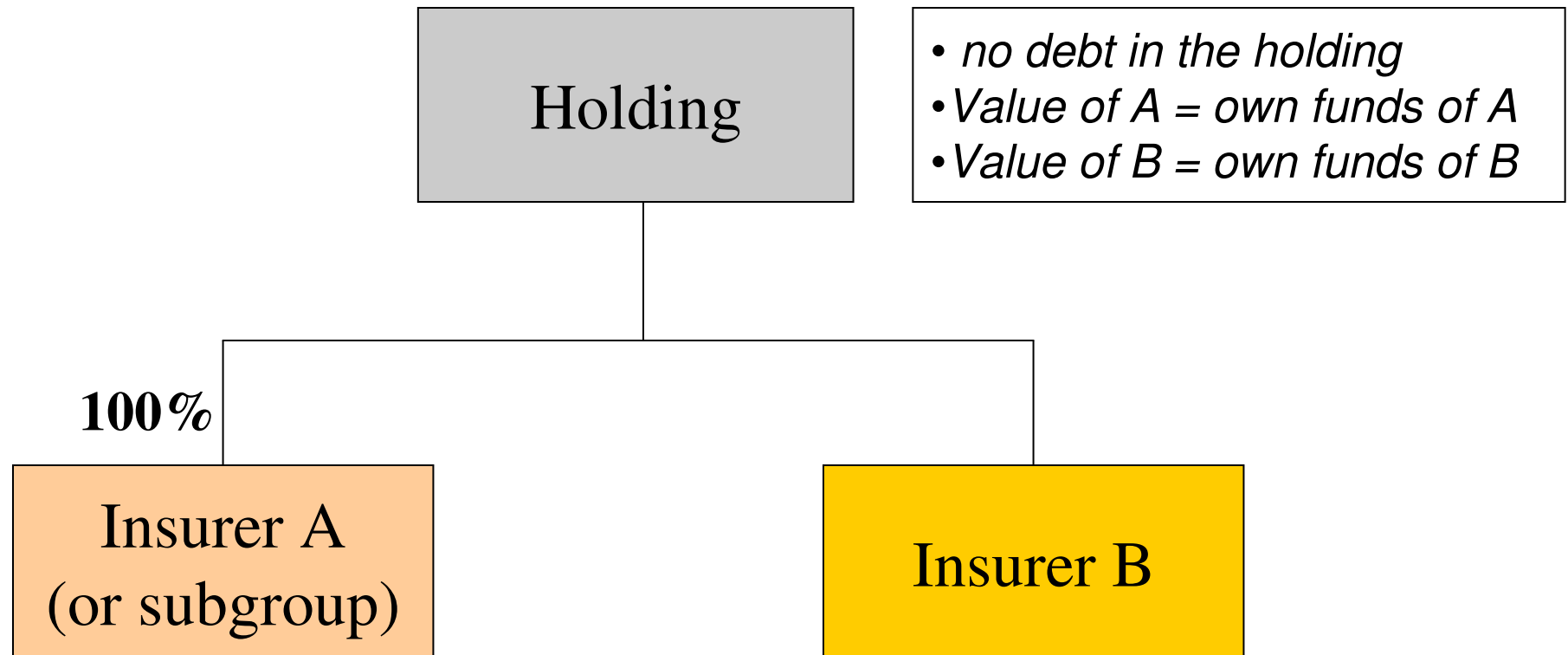
group A + B



# Example 1: participation

- Solvency 1
  - Group CR = 90
  - Available own funds = 100
  - Surplus = 10
- QIS 4, « deduction aggregation method »
  - Sum of solo SCR =  $90 + 30 = 120$
  - Group SCR =  $60 + 30 = 90$
  - Available own funds =  $100 + 35 - 35 = 100$
  - Surplus = 10
- QIS 4, Consolidated method
  - Group SCR = 70, Diversification = 22%
  - Available own funds = 100
  - Surplus = 30

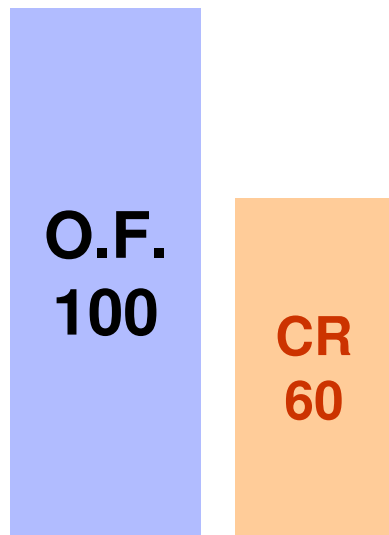
## Example 2: non transferable own funds



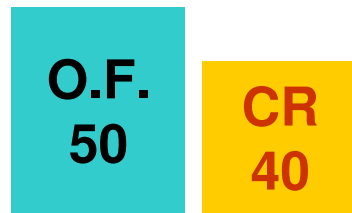
# Example 2: non transferable own funds

**Under solvency 1**

**ins. A**  
(or sub group)

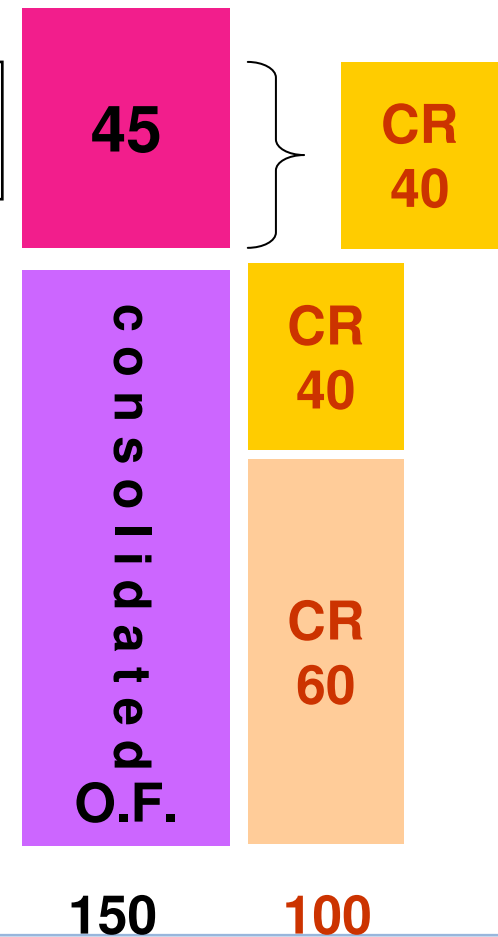


**ins. B**



**Non transferable own funds**

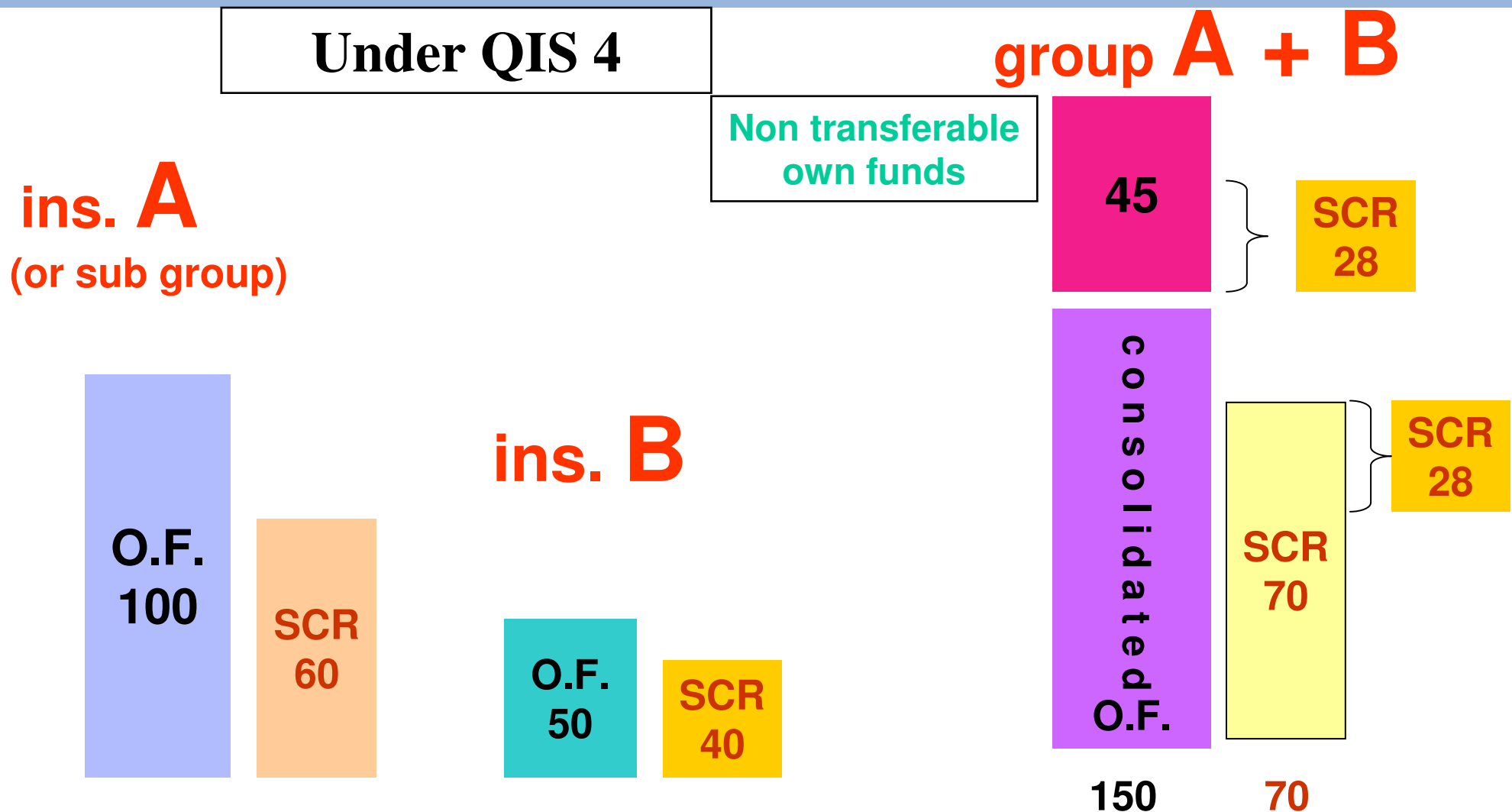
**group A + B**



*45 of B own funds are not transferable*



# Example 2: non transferable own funds

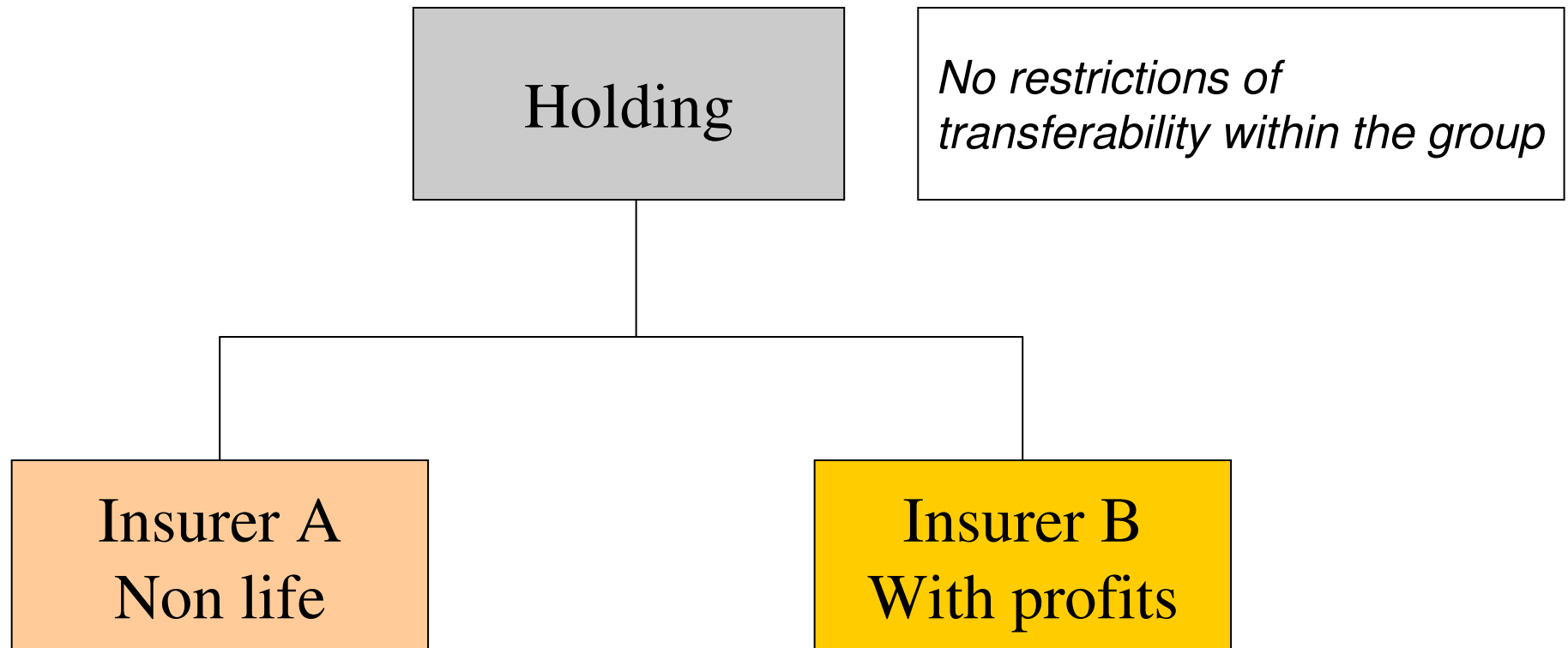


45 of B own funds are not transferable

## Example 2: non transferable own funds

- Solvency 1
  - Group CR = 100
  - CR from the entity with non transferable own funds in the group CR = 40
  - Non transferable own funds = 45 (only 40 are used to cover the group SCR)
  - Surplus =  $105 + 40 - 100 = 45$
- QIS 4
  - Group SCR = 70, Diversification = 30
  - Contribution of the entity with non transferable own funds in the group SCR =  $40 * 70\% = 28$
  - Non transferable own funds = 45 (of which only 28 are used to cover the group SCR)
  - Surplus =  $45 + 30 + (28 - 40) = 63$

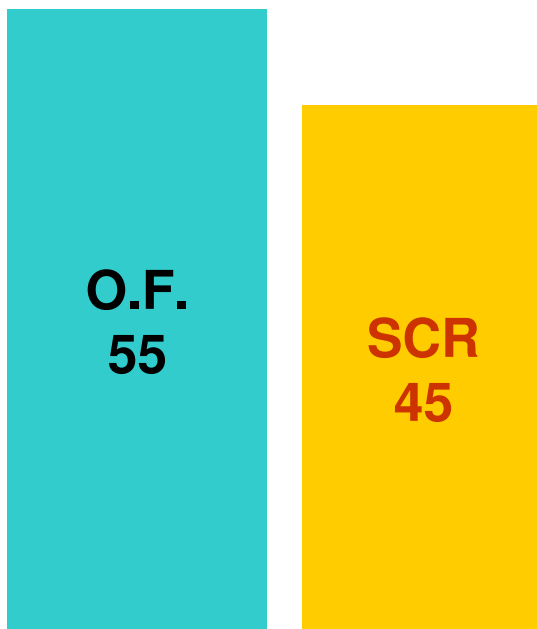
## Example 3: With profits



# Example 3: With profits

**Solo**

**insurer A**

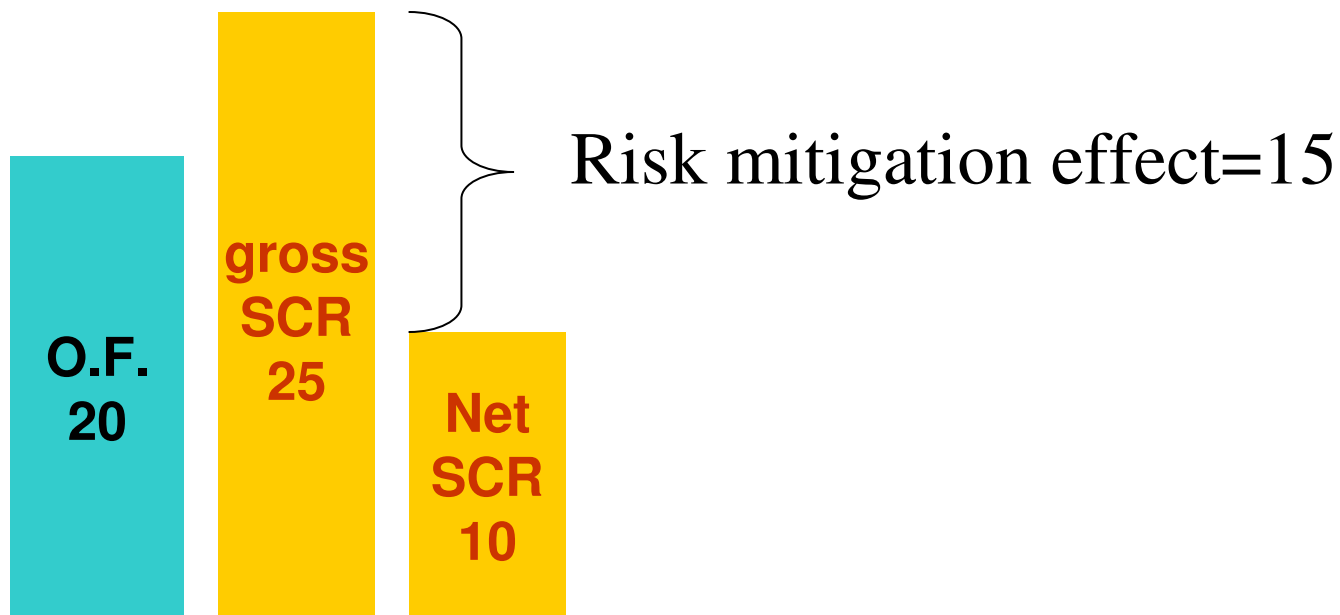


## Example 3: With profits

**Solo**

**insurer B**

future discretionary benefits = 20

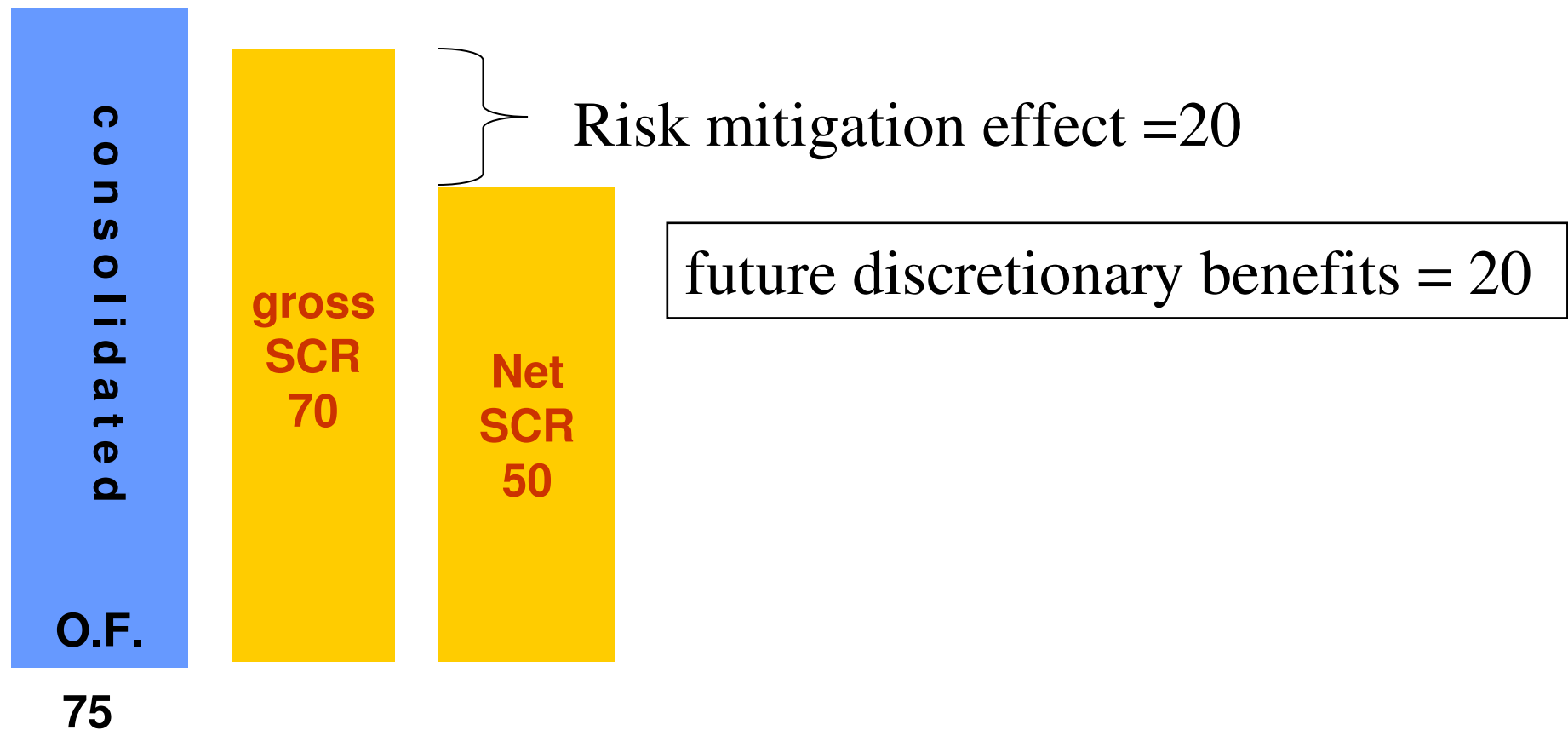


## Example 3: with profits

- Method without diversification
  - $SCR = 10 + 45 = 55$
  - $\text{Group capital} = 55 + 20 = 75$
  - $\text{Surplus} = 20$

## Example 3: With profits

**“diversified method”**

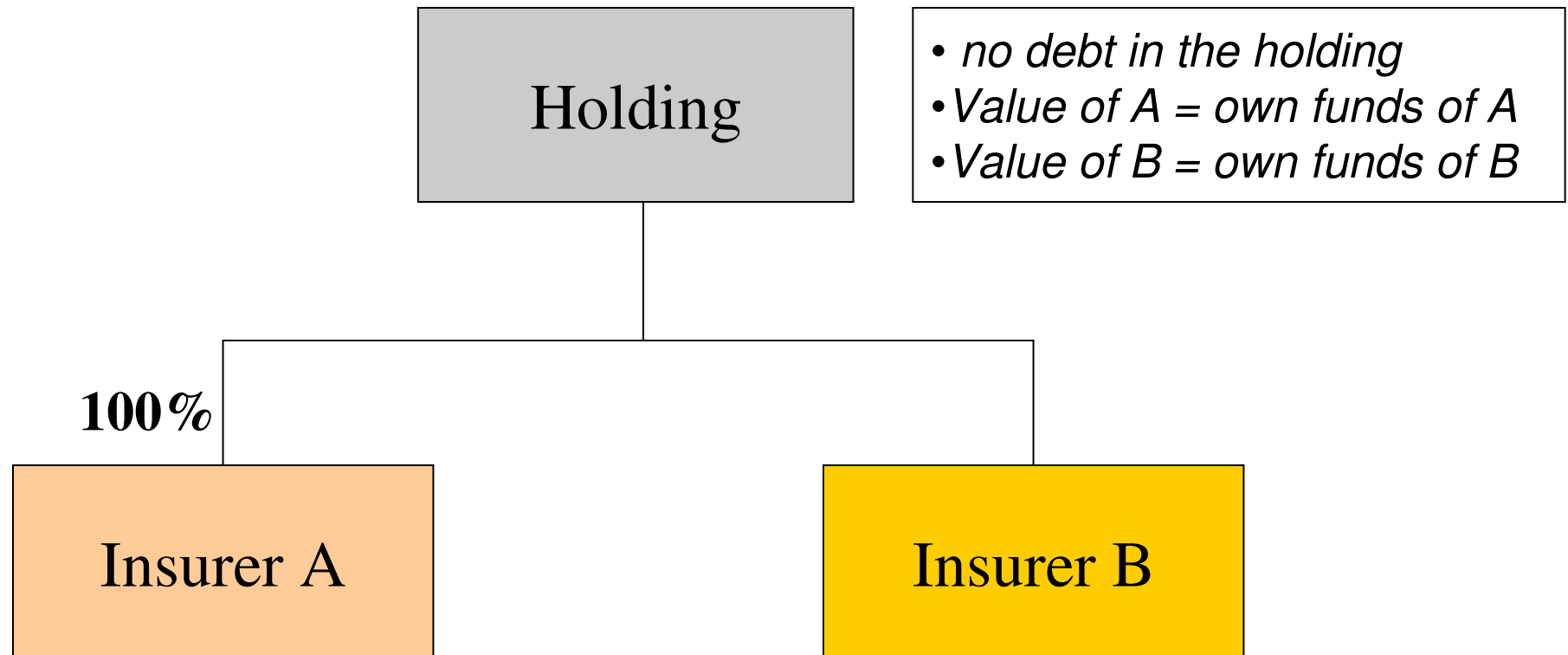


## Example 3: with profits

- « diversified method »
  - Group SCR = 50
  - Available own funds =  $55 + 20 = 75$
  - Surplus = 25



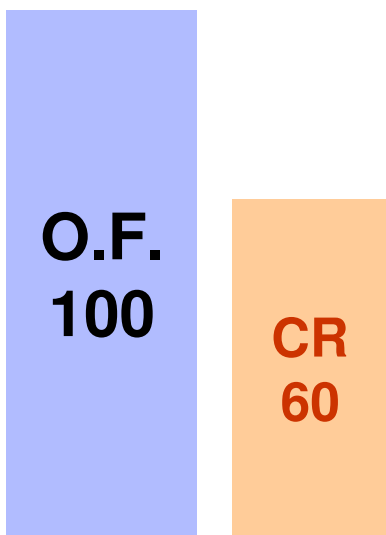
## Example 4: minority interests



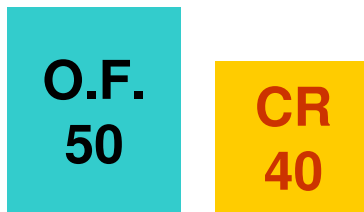
# Example 4: the holding owns 100% of B

**Under solvency 1**

**ins. A**



**ins. B**



**group A + B**

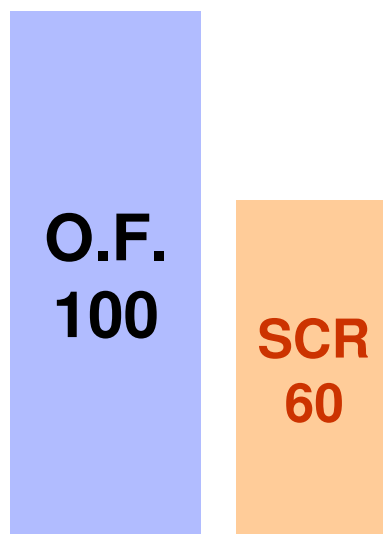


## Example 4: the holding owns 100% of B

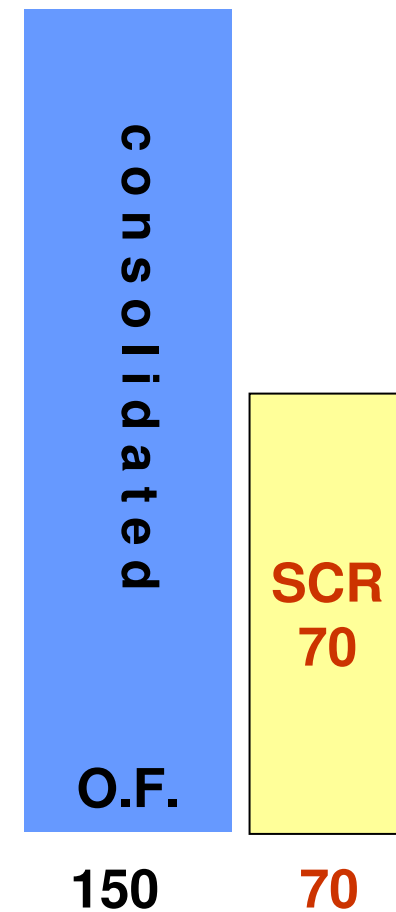
Under QIS 4

group **A + B**

ins. **A**



ins. **B**



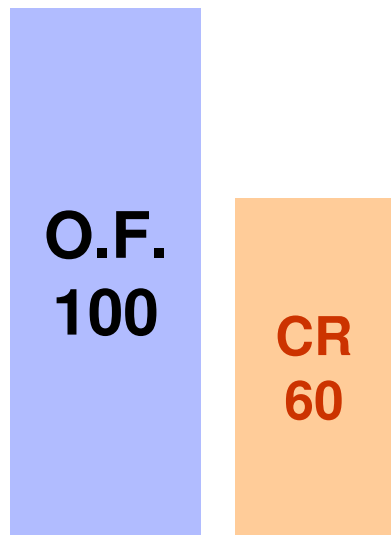
## Example 4: the holding owns 100% of B

- Solvency 1
  - Group CR = 100
  - Available own funds = 150
  - Surplus = 50
  
- QIS 4
  - Group SCR = 70, Diversification = 30
  - Available own funds = 150
  - Surplus =  $50 + 30 = 80$

# Example 4: the holding owns 70% of B (full consolidation required)

**Under solvency 1**

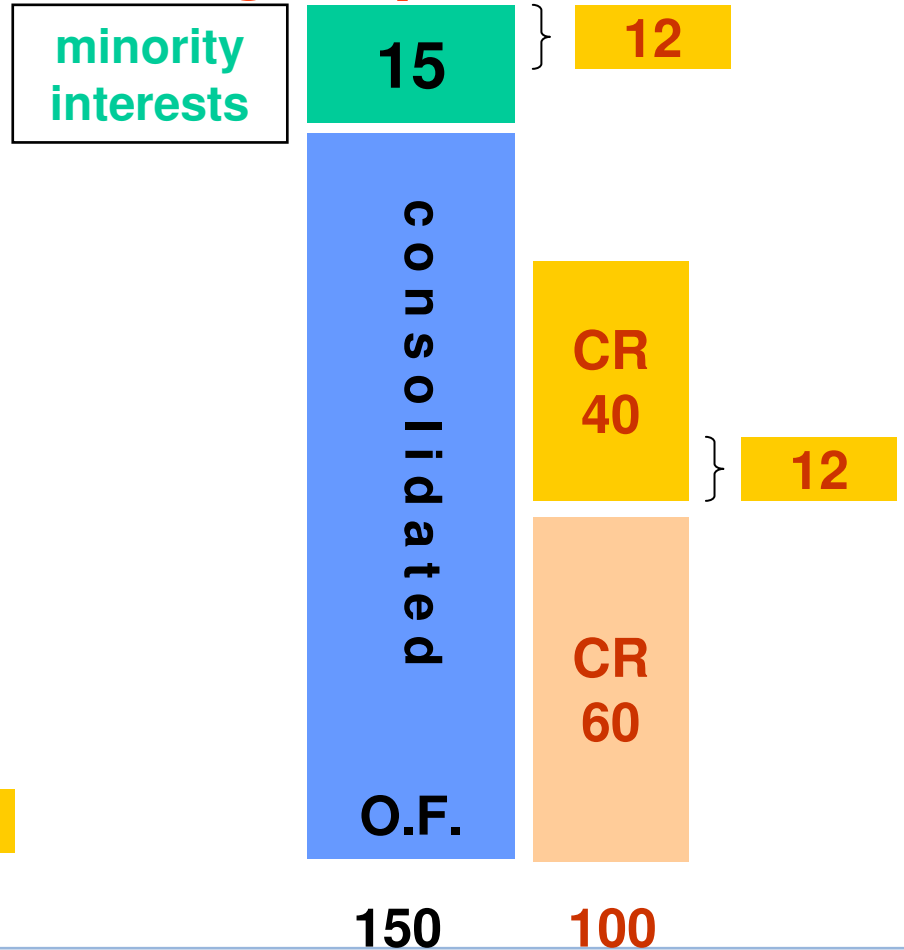
**ins. A**



**ins. B**

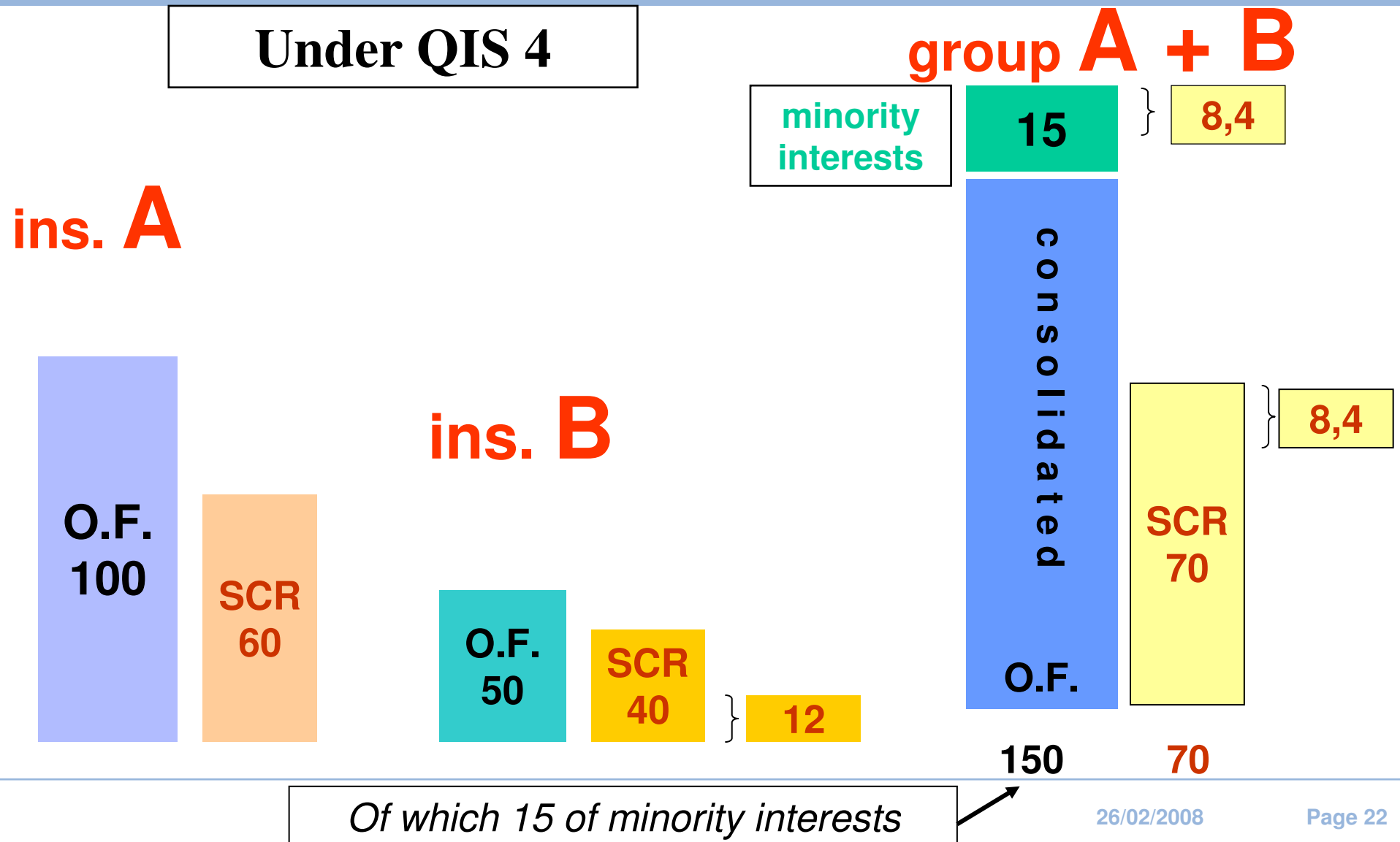


**group A + B**



*Of which 15 of minority interests*

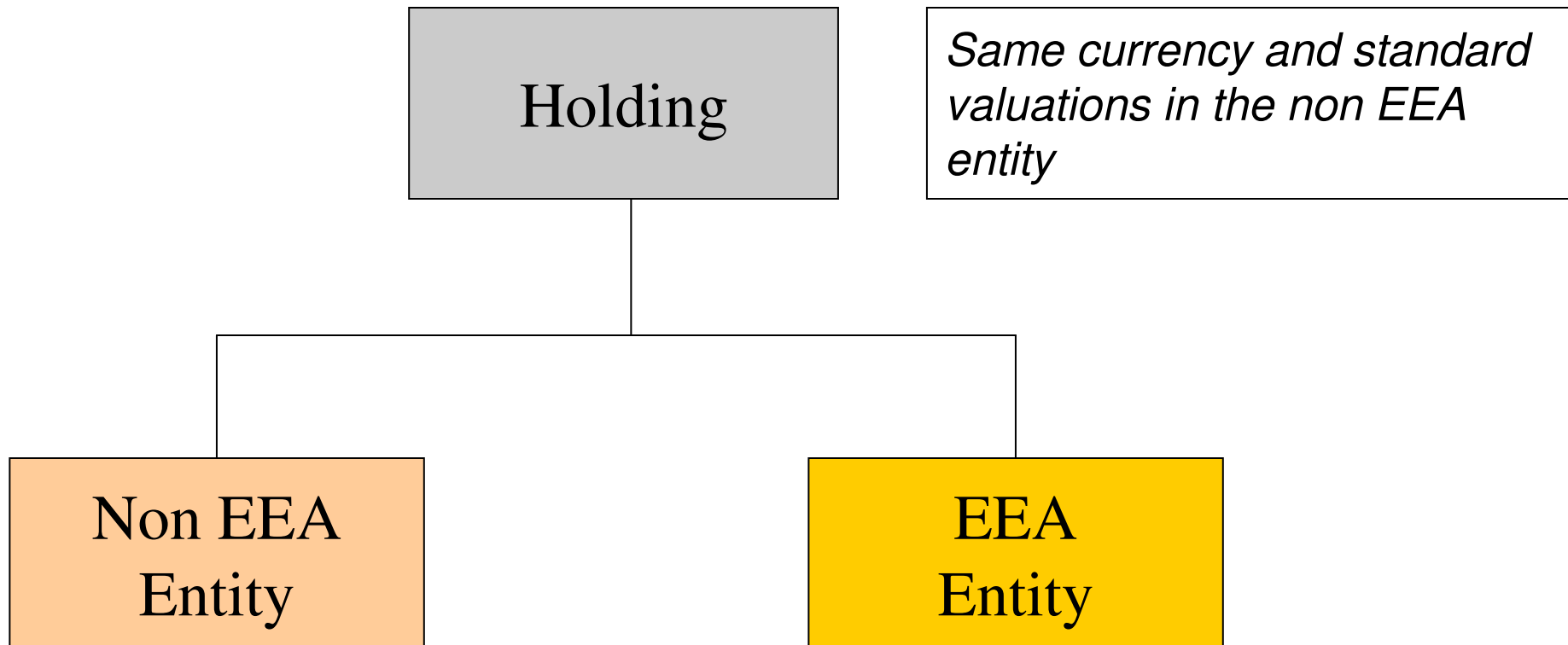
Example 4: the holding owns 70% of B (full consolidation required)



## Example 4: the holding owns 70% of B (full consolidation required)

- Solvency 1
  - Group CR = 100
  - Minority interests in the group CR = 12
  - Minority interests in the own funds = 15 (only 12 are available to cover the group SCR)
  - Surplus =  $135 + 12 - 100 = 47$
- QIS 4
  - Group SCR = 70, Diversification = 30
  - Contribution of minority interests in the group SCR =  $12 * 70\% = 8,4$
  - Minority interests in the own funds = 15 (only 8,4 are available to cover the group SCR)
  - Surplus =  $47 + 30 + (8,4 - 12) = 73,4$

## Example 5: Third countries

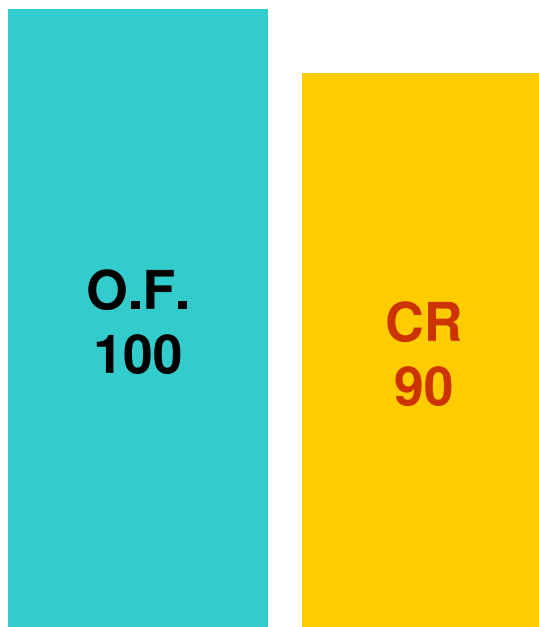




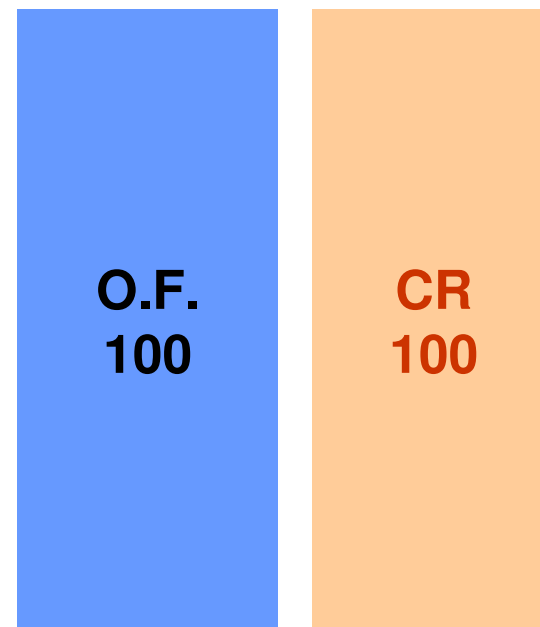
## Example 5: Third countries

### Solvency 1

#### Non EEA entity



#### EEA entity



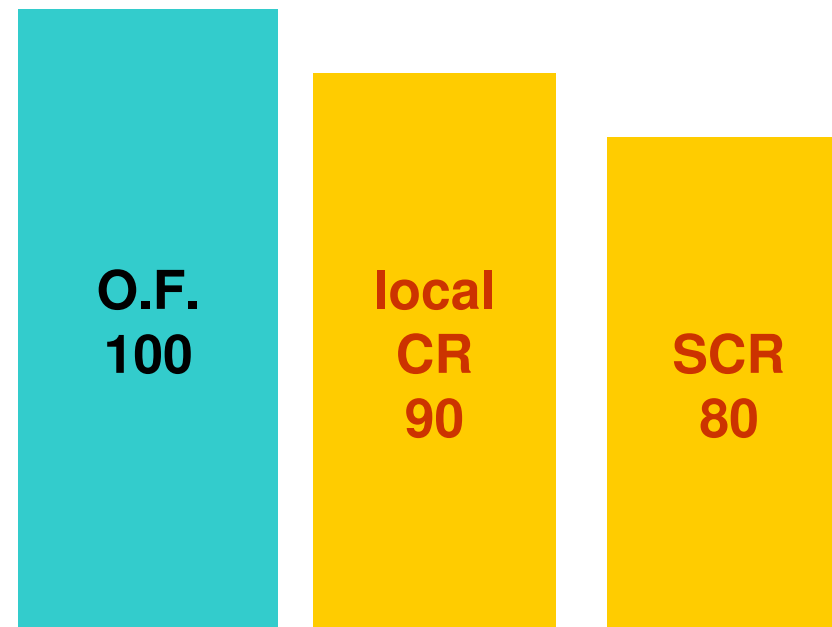
## Example 5: third countries

- In solvency 1, the contribution to the group capital requirement of third countries may be
  - The solvency 1 requirement (by default)
  - The local requirement (if local requirement is considered to be at least equivalent)
- Group CR =  $90 + 100 = 190$
- Available own funds = 200
- Surplus = 10

## Example 5: Third countries

**solo**

**Non EEA entity**



## Example 5: Third countries

**solo**

**EEA entity**

**O.F.  
100**

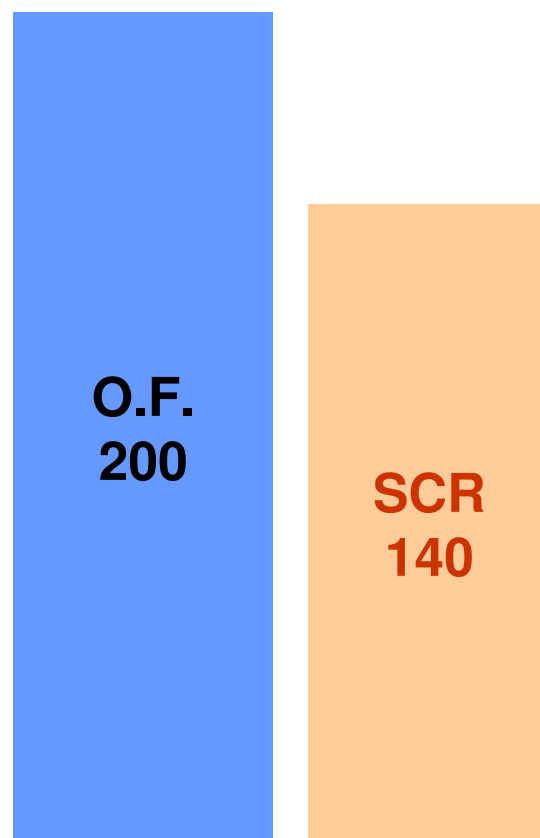
**SCR  
80**

## Example 5: Third countries

- Local requirement method
  - SCR =  $80 + 90 = 170$
  - Group own funds =  $100 + 100 = 200$  ?
  - Group own funds =  $100 + 100 - 10 = 190$  (surplus non transferable)?
  - Surplus is between 20 and 30 depending on whether the excess of own funds is considered transferable from the non EEA entity to the rest of the group or not

## Example 5: Third countries

### Group “diversified method”



## Example 5: Third countries

- « Diversified method »
  - SCR = 140
  - Contribution of the non EEA entity to the group SCR =  $80 * 140 / 160 = 70$
  - Contribution of the non EEA entity to the group capital = 100
  - Group own funds =  $100 + 100 = 200$
  - Available group own funds =  $100 + 100 - 30 = 170$  ?
  - Surplus is between 30 and 60 depending on the transferability of the non EEA entity own funds