

*(only the Italian version is authentic)*

## **IVASS REGULATION No. 15 OF 22 DECEMBER 2015**

**REGULATION CONCERNING THE APPLICATION OF THE LIFE UNDERWRITING RISK MODULE IN THE DETERMINATION OF THE SOLVENCY CAPITAL REQUIREMENT CALCULATED USING THE STANDARD FORMULA AS REFERRED TO IN TITLE III (PURSUIT OF INSURANCE BUSINESS), CHAPTER IV-BIS (SOLVENCY CAPITAL REQUIREMENTS), SECTION II (STANDARD FORMULA), ARTICLE 45-SEPTIES, PARAGRAPHS 4 AND 5 OF LEGISLATIVE DECREE No. 209 OF 7 SEPTEMBER 2005 – CODE OF PRIVATE INSURANCE RESULTING FROM THE NATIONAL IMPLEMENTATION OF THE EIOPA GUIDELINES ON THE FINANCIAL REQUIREMENTS OF THE SOLVENCY II REGIME (1<sup>ST</sup> PILLAR REQUIREMENTS).**

### **INSTITUTE FOR THE SUPERVISION OF INSURANCE**

HAVING REGARD to Law No. 576 of 12 August 1982, on the reform of insurance supervision and the establishment of ISVAP;

HAVING REGARD to article 13 of Decree Law No. 95 of 6 July 2012, converted into Law no. 135 of 7 August 2012, concerning urgent measures for the review of public spending with unchanged services for citizens and establishing the institution of IVASS;

HAVING REGARD to Legislative Decree No. 209 of 7 September 2005, introducing the Code of Private Insurance, as amended by Legislative Decree No. 74 of 12 May 2015, implementing Directive No. 2009/138/EC on the taking up and pursuit of the business of insurance and reinsurance and, in particular, articles 45-bis, 45-ter, 45-quater, 45-quinquies, 45-sexies, 45-septies, 66-quater, 216-ter, 216-quinquies and 216-sexies;

HAVING REGARD to the Delegated Regulation (EU) 2015/35 of the Commission of 10 October 2014 supplementing Directive No. 2009/138/EC on the taking up and pursuit of the business of insurance and reinsurance and, in particular, articles from 136 to 143 and Title II, Chapter I, Section 1;

HAVING REGARD to the Guidelines issued by EIOPA concerning the application of the life underwriting risk module;

HAVING REGARD to IVASS Regulation No. 3 of 5 November 2013 on the implementation of the provisions of article 23 of Law No. 262 of 28 December 2005, concerning the procedures for the adoption of regulatory and general acts of IVASS;

has adopted the following

### **REGULATION**

## CONTENTS

### TITLE I GENERAL RULES

- Art. 1 (Legislative sources)
- Art. 2 (Definitions)
- Art. 3 (Scope)

### TITLE II LIFE UNDERWRITING RISK

- Art. 4 (Mortality rates for calculating the SCR<sub>mortality</sub>)
- Art. 5 (Mortality rates for calculating the SCR<sub>longevity</sub>)
- Art. 6 (Disability and morbidity rates for calculating the SCR<sub>disability-morbidity</sub>)
- Art. 7 (Disability and morbidity recovery rates for calculating the SCR<sub>disability-morbidity</sub>)
- Art. 8 (Contracts with multi-status benefits)

### TITLE III FINAL PROVISIONS

- Art. 9 (Publication and entry into force)

### TITLE I GENERAL RULES

#### Art. 1 (Legislative sources)

1. This Regulation has been adopted in accordance with articles 45-quinquies, paragraph 2, and 191, paragraph 1, letter b), number 2 and 216-ter, paragraph 1 of Legislative Decree No. 209 of 7 September 2005 as amended by Legislative Decree No. 74 of 12 May 2015.

#### Art. 2 (Definitions)

1. For the purposes of this Regulation, the applicable definitions are those laid down by Legislative Decree No. 209 of 7 September 2005, as modified by Legislative Decree No. 74 of 12 May 2015 and by Commission Delegated Regulation (EU) 2015/35. In addition, the following definitions shall apply:
  - a) "Delegated Acts" – the Delegated Regulation (EU) 2015/35 of the Commission;
  - b) "Code" – Legislative Decree No. 209 of 7 September 2005, as amended by Legislative Decree No. 74 of 12 May 2015;
  - c) "Contracts with multi-status benefits" – insurance contracts providing benefits, possibly diversified, on the occurrence of certain health statuses of the insured person;

- d) "SCR<sub>mortality</sub>" – the capital requirement for life mortality risk sub-module;
- e) "SCR<sub>longevity</sub>" – the capital requirement for life longevity risk sub-module;
- f) "SCR<sub>disability-morbidity</sub>" – the capital requirement for life disability-morbidity risk sub-module;
- g) "Ultimate Italian parent company" – the ultimate Italian parent company referred to in article 210, paragraph 2, of the Code.

Art. 3  
(Scope)

1. This Regulation applies to insurance and reinsurance undertakings whose head offices are in the territory of the Italian Republic, to the branches of insurance and reinsurance undertakings whose head offices are in a third State and to the ultimate Italian parent companies.

Art. 4  
(Mortality rates for calculating the SCR<sub>mortality</sub>)

1. For the purposes of calculating the SCR<sub>mortality</sub>, the undertaking applies the increase referred to in article 137 of the Delegated Acts to the mortality rates used in the calculation of technical provisions, whether the rates are monthly, annual or characterised by a different time reference. The undertaking applies the above rates increase only in those cases where it leads to an increase in technical provisions without the risk margin.
2. In the calculation of technical provisions valued taking into account the increased mortality rates, the undertaking gives a value of 1 to those rates that, after applying the increase referred to in paragraph 1, are greater than 1.

Art. 5  
(Mortality rates for calculating the SCR<sub>longevity</sub>)

1. For the purposes of calculating the SCR<sub>longevity</sub>, the undertaking applies the decrease referred to in article 138 of the Delegated Acts to the mortality rates used in the calculation of technical provisions, whether the rates are monthly, annual or characterised by a different time reference. The undertaking applies the above rates decrease only in those cases where it leads to an increase in technical provisions without the risk margin.

Art. 6  
(Disability and morbidity rates for calculating the SCR<sub>disability-morbidity</sub>)

1. For the purpose of calculating the SCR<sub>disability-morbidity</sub>, the undertaking applies the increase referred to in article 139, letters a) and b) of the Delegated Acts to the disability and morbidity rates used in the calculation of technical provisions, whether the rates are monthly, annual or characterised by a different time reference.
2. In the calculation of technical provisions valued taking into account the increased disability and morbidity rates, the undertaking gives a value of 1 to those rates that, after applying the increase referred to in paragraph 1, are greater than 1.

Art. 7

(Disability and morbidity recovery rates for calculating the SCR<sub>disability-morbidity</sub>)

1. For the purposes of calculating the SCR<sub>disability-morbidity</sub>, the undertaking applies the decrease referred to in article 139, letter c) of the Delegated Acts to the disability and morbidity recovery rates used in the calculation of technical provisions, whether the rates are monthly, annual or characterised by a different time reference.
2. Notwithstanding the provisions of paragraph 1, the undertaking does not apply the decrease referred to in article 139, paragraph 1, letter c) of the Delegated Acts to the disability and morbidity recovery rates used in the calculation of technical provisions that are equal to 1 in the event that the benefit inferred from the contract has failed at the end of a contractually defined period.

Art. 8

(Contracts with multi-status benefits)

1. For contracts with multi-status benefits, for which the transition between different statuses of health of the insured person is also taken into account in the calculation of technical provisions, in the application of Article 139 of the Delegated Acts the undertaking describes as:
  - a) "invalidity and morbidity rates" – the rates referable to all possible future transitions from a given status of health to a more serious one;
  - b) "disability and morbidity recovery rates" – the rates referable to all possible future transitions from a given status of health to a less serious one, including the change to "healthy person" status, if relevant.
2. The undertaking makes adjustments only to persistence rates in the same status in order to ensure, even after the application of the stresses provided for in Article 139 of the Delegated Acts, that for each status of health, the sum of the persistence rate and transition rates to other statuses of health will be equal to 1.

**TITLE III  
FINAL PROVISIONS**

Art. 9

(Publication and entry into force)

1. This Regulation shall be published in the Official Journal of the Italian Republic and in IVASS Bulletin and website.
2. This Regulation shall enter into force on 1 January 2016.

On behalf of the Joint Directorate  
Director  
(pursuant to art. 9, para. 2 of the IVASS Statute)