

**PRA RULEBOOK: SOLVENCY II FIRMS: TRANSITIONAL MEASURES INSTRUMENT 2015**

**Powers exercised**

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
  - (1) section 137G (the PRA's general rules); and
  - (2) section 137T (general supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: Solvency II Firms: Transitional Measures Instrument 2015**

- D. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- E. This instrument comes into force on 1 January 2016.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency Firms: Transitional Measures Instrument 2015.

**By order of the Board of the Prudential Regulation Authority**

17 March 2015

## Annex

In this Annex, the text is all new and is not underlined.

### Part

# TRANSITIONAL MEASURES

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## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II firm*;
- (2) the *Society*, in accordance with General Application 3; and
- (3) *managing agents*, in accordance with General Application 3.

1.2 In this Part, the following definitions shall apply:

*admissible insurance and reinsurance obligations*

has the meaning set out in regulation 53(2) of the Solvency 2 Regulations 2015, where reference to rules implementing Article 20 of Directive 2002/83/EC until 1st January 2016 means INSPRU 1.1.16 R of the *PRA Handbook* as at 31 December 2015.

**[Note: Art. 308c(3) of the Solvency II Directive]**

*capital resources gearing rules*

has the meaning set out in in the *PRA Handbook* Glossary as at 31 December 2015.

*core tier one capital*

means an item of capital that is stated in stage A (Core tier one capital) of the capital resources table at GENPRU 2 Annex 1 of the *PRA Handbook* as at 31 December 2015 to be core tier one capital.

*directive reorganisation measures*

has the same meaning as in the Insurers (Reorganisation & Winding Up) Regulations 2004 (2004/353).

*innovative tier one capital*

means an item of capital that is stated in GENPRU 2.2 of the *PRA Handbook* as at 31 December 2015 to be innovative tier one capital.

*lower tier two capital*

means an item of capital that is stated in stage H (Lower tier two capital) of the capital resources table at GENPRU 2 Annex 1 of the *PRA Handbook* as at 31 December 2015 to be lower tier two capital.

*perpetual non-cumulative preference share*

means an item of capital that is stated in stage B (Perpetual non-cumulative preference shares) of the capital resources table at GENPRU 2 Annex 1 of the *PRA Handbook* as at 31 December 2015 to be perpetual non-cumulative preference shares.

*phasing-in plan*

means the phasing-in plan required to be submitted by the *firm* to the *PRA* under 12.1.

*pre-Solvency II GCRR*

means the requirement to maintain group capital resources that applied to a *UK Solvency II firm* under *PRA* rules as at 31 December 2015.

*Solvency II rules*

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, Insurance – Conduct Standards, Insurance – Senior Insurance Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the *PRA* Rulebook.

*upper tier two capital*

means an item of capital that is stated in stage G (Upper tier two capital) of the capital resources table at GENPRU 2 Annex 1 of the *PRA Handbook* as at 31 December 2015 to be upper tier two capital

## 2 FIRMS IN RUN-OFF

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- 2.1 This Chapter does not apply to a *firm* referred to in Insurance General Application 2.1(2).
- 2.2 Without prejudice to the exclusion that applies to *pure reinsurers* referred to in Insurance General Application 2.2(7) and subject to 2.3, if a *firm* has on the *Solvency II implementation date* ceased to conduct new *insurance business* and does not have a *Part 4A permission to effect contracts of insurance* the *Solvency II rules* shall not apply to it until:
- (1) unless (2) applies, the earlier of:
- (a) 1 January 2019, where the *firm* has demonstrated to the *PRA* that it will terminate its activity before 1 January 2019; or
- (b) the date upon which the *PRA* notifies the *firm* that the *firm* has not demonstrated to the *PRA* that sufficient progress has been made towards terminating the *firm's* activity; or
- (2) where the *firm* is subject to *directive reorganisation measures* and an administrator has been appointed, the earlier of:
- (a) 1 January 2021; or
- (b) the date upon which the *PRA* notifies the *firm* that the *firm* has not demonstrated to the *PRA* that sufficient progress has been made towards terminating the *firm's* activity.

**[Note: Art. 308b (1), (2) of the *Solvency II Directive*]**

- 2.3 2.1 only applies:

- (1) if the *firm* is not part of a *group*, unless all *undertakings* that are part of the *group* have ceased to conduct new *insurance business*;
- (2) if the *firm* provides the *PRA* with an annual report setting out what progress has been made in terminating its activity; and
- (3) after the *firm* has notified the *PRA* that it satisfies the requirements set out in 2.1.

**[Note: Art. 308b (3) of the Solvency II Directive]**

### 3 REPORTING TO THE PRA AND PUBLIC DISCLOSURE

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3.1 A *firm* must submit under Reporting 2.1 and 2.2 the regular supervisory report and annual quantitative templates required to be submitted in accordance with the *Solvency II Regulations* and the annual *national specific templates* under Reporting 2.6 and 2.8(1) by no later than:

- (1) 20 weeks after the *firm's* financial year end in relation to its financial year ending on or after 30 June 2016 before 1 January 2017;
- (2) 18 weeks after the *firm's* financial year end in relation to its financial year ending on or after 1 January 2017 but before 1 January 2018;
- (3) 16 weeks after the *firm's* financial year end in relation to its financial year ending on or after 1 January 2018 but before 1 January 2019;
- (4) 14 weeks after the *firm's* financial year end in relation to its financial year ending on or after 1 January 2019 but before 1 January 2020.

**[Note: Art. 308b (5) of the Solvency II Directive]**

3.2 A *firm* must disclose its *SFCR* under Reporting 3.1 by no later than:

- (1) 20 weeks after the *firm's* financial year end in relation to its financial year ending on or after 30 June 2016 but before 1 January 2017;
- (2) 18 weeks after the *firm's* financial year end in relation to its financial year ending on or after 1 January 2017 but before 1 January 2018;
- (3) 16 weeks after the *firm's* financial year end in relation to its financial year ending on or after 1 January 2018 but before 1 January 2019;
- (4) 14 weeks after the *firm's* financial year end in relation to its financial year ending on or after 1 January 2019 but before 1 January 2020.

**[Note: Art. 308b (6) of the Solvency II Directive]**

3.3 A *firm* must submit under Reporting 2.1 and 2.2 the quarterly quantitative templates required to be submitted in accordance with the *Solvency II Regulations* and the quarterly *national specific templates* under Reporting 2.8(2) by no later than:

- (1) 8 weeks related to any quarter ending on or after 1 January 2016 but before 1 January 2017;
- (2) 7 weeks related to any quarter ending on or after 1 January 2017 but before 1 January 2018;

- (3) 6 weeks related to any quarter ending on or after 1 January 2018 but before 1 January 2019;
- (4) 5 weeks related to any quarter ending on or after 1 January 2019 but before 1 January 2020.

**[Note: Art. 308b (7) of the Solvency II Directive]**

3.4 Where Group Supervision 2.1(1) or (2) applies, the submission under Group Supervision 17.3 of the group regular supervisory report and annual quantitative templates required to be submitted in accordance with the *Solvency II Regulations* must be made by no later than:

- (1) 26 weeks after the financial year end of the *participating Solvency II undertaking*, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 30 June 2016 but before 1 January 2017;
- (2) 24 weeks after the financial year end of the *participating Solvency II undertaking*, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2017 but before 1 January 2018;
- (3) 22 weeks after the financial year end of the *participating Solvency II undertaking*, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2018 but before 1 January 2019;
- (4) 20 weeks after the financial year end of the *participating Solvency II undertaking*, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2019 but before 1 January 2020.

**[Note: Art. 308b (8) of the Solvency II Directive]**

3.5 A *participating Solvency II undertaking* that is a *firm* or, if there are none, the *relevant insurance group undertakings* must disclose the solvency and financial condition at the level of the *group* under Group Supervision 18.1 by no later than:

- (1) 26 weeks after the financial year end of the *participating Solvency II undertaking*, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 30 June 2016 but before 1 January 2017;
- (2) 24 weeks after the financial year end of the *participating Solvency II undertaking*, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2017 but before 1 January 2018;
- (3) 22 weeks after the financial year end of the *participating Solvency II undertaking*, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2018 but before 1 January 2019;
- (4) 20 weeks after the financial year end of the *participating Solvency II undertaking*, ultimate *insurance holding company* or ultimate *mixed financial holding company* in

relation to its financial year ending on or after 1 January 2019 but before 1 January 2020.

**[Note: Art. 308b (8) of the Solvency II Directive]**

3.6 Where Group Supervision 2.1(1) or (2) applies, the submission under Group Supervision 17.3 of the quarterly quantitative templates required to be submitted in accordance with the *Solvency II Regulations* must be made by no later than:

- (1) 14 weeks related to any quarter ending on or after 1 January 2016 but before 1 January 2017;
- (2) 13 weeks related to any quarter ending on or after 1 January 2017 but before 1 January 2018;
- (3) 12 weeks related to any quarter ending on or after 1 January 2018 but before 1 January 2019;
- (4) 11 weeks related to any quarter ending on or after 1 January 2019 but before 1 January 2020.

**[Note: Art. 308b (8) of the Solvency II Directive]**

#### **4 BASIC OWN FUNDS**

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4.1 Notwithstanding Own Funds 3.1 to 3.3, a *firm* with an item of *basic own-funds* that:

- (1) was issued prior to 18 January 2015;
- (2) could be used as:
  - (a) *core tier one capital*;
  - (b) *perpetual non-cumulative preference shares*;
  - (c) *innovative tier one capital*; or
  - (d) *upper tier two capital*,

on 31 December 2015; and

- (3) would not otherwise be included as *Tier 1 own funds* or *Tier 2 own funds* in accordance with Own Funds 3.1 to 3.2,

must include that item in *Tier 1 own funds* for up to 10 years after 1 January 2016.

**[Note: Art. 308b (9) of the Solvency II Directive]**

4.2 Notwithstanding Own Funds 3.1 to 3.3, a *firm* with a *basic own-fund* item that:

- (1) was issued prior to 18 January 2015;
- (2) could be used as *lower tier two capital* on 31 December 2015,

must include that item in *Tier 2 own funds* for up to 10 years after 1 January 2016.

**[Note: Art. 308b (10) of the Solvency II Directive]**

- 4.3 For the purposes of 4.1 and 4.2 items listed at 4.1(2)(a) to (d) and 4.2(2) must not include any item that could only be used as the item specified by virtue of rule GENPRU TP 4 of the *PRA Handbook*.

## 5 STANDARD FORMULA: THE BASIC SCR

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- 5.1 Notwithstanding Solvency Capital Requirement – General Provisions 2, 3.1, 3.3, 3.4 and Solvency Capital Requirement – Standard Formula 3.1 to 3.3, the standard parameters to be used when calculating the *market risk* concentrations sub-module and the spread risk sub-module in accordance with the *standard formula* must be adjusted as follows:

- (1) until 31 December 2017, the standard parameters shall be the same in relation to exposures to *EEA States'* central governments or central banks denominated and funded in the domestic currency of any *EEA State* as the ones that would be applied to such exposures denominated and funded in their domestic currency;
- (2) from 1 January 2018 the standard parameters must be reduced by 80% in relation to exposures to *EEA States'* central governments or central banks denominated and funded in the domestic currency of any other *EEA State*;
- (3) from 1 January 2019 the standard parameters must be reduced by 50% in relation to exposures to *EEA States'* central governments or central banks denominated and funded in the domestic currency of any other *EEA State*;
- (4) from 1 January 2020 and onwards, the standard parameters must not be reduced in relation to exposures to *EEA States'* central governments or central banks denominated and funded in the domestic currency of any other *EEA State*.

**[Note: Art. 308b (12) of the *Solvency II Directive*]**

- 5.2 Notwithstanding Solvency Capital Requirement – General Provisions 2, 3.1, 3.3, 3.4 and Solvency Capital Requirement – Standard Formula 3.1 to 3.3, the standard parameters to be used for equities that a *firm* purchased on or before 1 January 2016, when calculating the equity risk sub-module in accordance with the *standard formula*, must be calculated as the weighted averages of:

- (1) the standard parameter to be used when calculating the equity risk sub-module in accordance with 5.4; and
- (2) the standard parameter to be used when calculating the equity risk sub-module in accordance with the *standard formula*.

**[Note: Art. 308b (13) of the *Solvency II Directive*]**

- 5.3 The weight for the parameter expressed in 5.2(2) must increase at least linearly at the end of each year from 0% during 2016 to 100% from 1 January 2023.

**[Note: Art. 308b (13) of the *Solvency II Directive*]**

- 5.4 The equity risk sub-module for the purpose of 5.2(1) must be calibrated using a Value-at-Risk measure, over a time period, which is consistent with the typical holding period of equity investments for the *firm* concerned, with a confidence level providing the *policyholders* with a level of protection equivalent to that set out in Solvency Capital Requirement – General Provisions 3.2 to 3.5.

**[Note: Art. 308b (16) of the *Solvency II Directive*]**



## 6 NON-COMPLIANCE WITH THE SCR

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- 6.1 If a firm complies with the *pre-Solvency II MCR* but during 2016 does not comply with the SCR:
- (1) Undertakings in Difficulty 3.1(3) shall not apply;
  - (2) the *firm* must take the measures necessary to achieve the establishment of the level of *eligible own funds* covering the SCR or the reduction of its risk profile to ensure compliance with the SCR by 31 December 2017; and
  - (3) the *firm* must, every three *months* submit a progress report to the *PRA* setting out the measures taken and the progress made to establish the level of *eligible own funds* covering the SCR or to reduce the risk profile to ensure compliance with the SCR.

**[Note: Art. 308b (14) of the Solvency II Directive]**

- 6.2 6.1 shall cease to apply where a progress report submitted in accordance with 6.1(3) shows that there was no significant progress in achieving the establishment of the level of *eligible own funds* covering the SCR or the reduction of the risk profile to ensure compliance with the SCR between the date of the observation of non-compliance with the SCR and the date of the submission of the progress report.

**[Note: Art. 308b (14) of the Solvency II Directive]**

## 7 NON-COMPLIANCE WITH THE MCR

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- 7.1 If on 31 December 2015 a *firm* complies with the *pre-Solvency II MCR* but does not hold sufficient *eligible own funds* to cover the MCR then:
- (1) the *firm* must comply with Minimum Capital Requirement 2.1 by 31 December 2016;
  - (2) Undertakings in Difficulty 4.1 will apply from 31 December 2016; and
- [Note: Art. 131 of the Solvency II Directive]**
- (3) until 31 December 2016 a *firm* must:
    - (a) inform the *PRA* immediately where it observes that the *pre-Solvency II MCR* is no longer complied with or where there is a risk of non-compliance within the next three *months*; and
    - (b) within one *month* from the observation of non-compliance with the *pre-Solvency II MCR*, submit, for approval by the *PRA*, a short-term realistic *finance scheme* to restore, within three *months* of that observation, its capital resources, at least to the level of the *pre-Solvency II MCR* or to reduce its risk profile to ensure compliance with the *pre-Solvency II MCR*.
- 7.2 Any *finance scheme* submitted under 7.1(3)(b) must at least include particulars or evidence concerning the following:
- (1) estimates of management expenses, in particular current general expenses and commissions;
  - (2) estimates of income and expenditure in respect of direct business, *reinsurance* acceptances and *reinsurance* cessions;

- (3) a forecast balance sheet;
- (4) estimates of the capital resources intended to cover the *pre-Solvency II MCR*; and
- (5) the *firm's* overall *reinsurance* policy.

## 8 GROUPS – INTERNAL MODELS

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8.1 Notwithstanding Group Supervision 11.2, until 31 March 2022, the *group SCR* of a *group* based on consolidated data (consolidated *group SCR*) must be calculated on the basis of either:

- (1) the *standard formula*;
- (2) an approved *internal model*, in a manner consistent with the general principles contained in the *SCR Rules*; or
- (3) approved *internal models*, where each approved *internal model* is applicable to a part of a *group* where both the *Solvency II undertaking* and the ultimate *parent undertaking* are located in the same *EEA State* and that part of the *group* forms a distinct part having a significantly different risk profile from the rest of the *group*.

**[Note: Art. 308b (16) of the *Solvency II Directive*]**

## 9 GROUPS

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9.1 Where Group Supervision 2.1(1) or 2.1(2) applies, the following provisions apply (notwithstanding Group Supervision 4.1 to 4.2) with any necessary changes at the level of the *group*:

- (1) 4.1 to 4.2;
- (2) 5.1;
- (3) 8.1; and
- (3) 11 to 13.

**[Note: Art. 308b (17) of the *Solvency II Directive*]**

9.2 Where Group Supervision 2.1(1) or (2) applies, if a *participating Solvency II undertaking* that is a *firm* or any *relevant insurance group undertaking* complies with the *pre-Solvency II GCRR* but during 2016 does not comply with the *group SCR*:

- (1) Group Supervision 4.4 shall not apply;
- (2) the *relevant insurance group undertakings* must take the measures necessary to achieve the establishment of the level of *eligible own funds* covering the *group SCR* or the reduction of the risk profile to ensure compliance with the *group SCR* by 31 December 2017; and
- (3) the *relevant insurance group undertakings* must, every three *months* submit a progress report to the *PRA* setting out the measures taken and the progress made to establish the level of *eligible own funds* covering the *group SCR* or to reduce the risk profile to ensure compliance with the *group SCR*.

- 9.3 9.2 shall cease to apply where a progress report submitted in accordance with 9.2(3) shows that there was no significant progress in achieving the establishment of the level of *eligible own funds* covering the *group SCR* or the reduction of the risk profile to ensure compliance with the *group SCR* between the date of the observation of non-compliance with the *group SCR* and the date of the submission of the progress report.

**[Note: Art. 308b (17) of the Solvency II Directive]**

## 10 RISK-FREE INTEREST RATES

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- 10.1 A *firm* may only apply the *risk-free interest rate transitional measure*:
- (1) in respect of *admissible insurance and reinsurance obligations*; and
  - (2) if it has received approval to do so from the *PRA*.
- 10.2 Where a *firm* applies the *risk-free interest rate transitional measure*, it must calculate the adjustment for each currency as a portion of the difference between:
- (1) the interest rate as determined by the *firm* in accordance with INSPRU 3.1.28R to INSPRU 3.1.47R of the *PRA Handbook* as at 31 December 2015; and
  - (2) the annual effective rate, calculated as the single discount rate that, where applied to the cash-flows of the portfolio of *admissible insurance and reinsurance obligations*, results in a value that is equal to the value of the *best estimate* of the portfolio of *admissible insurance and reinsurance obligations* where the time value is taken into account using the *relevant risk-free interest rate term structure*.

**[Note: Art. 308c(2) of the Solvency II Directive]**

- 10.3 The portion referred to in 10.1 shall decrease linearly at the end of each year from 100% during 2016 to 0% during 2032.

**[Note: Art. 308c(2) of the Solvency II Directive]**

- 10.4 Where a *firm* applies the *volatility adjustment* in accordance with Technical Provisions 8, the *relevant risk-free interest rate term structure* referred to in 10.2(2) shall be based on the risk-free interest rates adjusted with the *volatility adjustment*.

**[Note: Art. 308c(2) of the Solvency II Directive]**

- 10.5 A *firm* that applies the *risk-free interest rate transitional measure* must:
- (1) not include the *admissible insurance and reinsurance obligations* in the calculation of the *volatility adjustment*;
  - (2) not apply the *technical provisions transitional measure*; and
  - (3) as part of its *SFCR* publicly disclose that it applies the *risk-free interest rate transitional measure* and the quantification of the impact of not applying the *risk-free interest rate transitional measure* on its financial position.

**[Note: Art. 308c(4) of the Solvency II Directive]**

## 11 TECHNICAL PROVISIONS

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- 11.1 A *firm* may only:

- (1) apply a *transitional deduction* from its *technical provisions*; or
  - (2) recalculate the amount of any *transitional deduction*
- if it has received approval to do so by the *PRA*.

**[Note: Art. 308d(1) and (3) of the Solvency II Directive]**

11.2 A *firm* with approval to apply the *technical provisions transitional measure* must:

- (1) not apply the *risk-free interest rate transitional measure*; and
- (2) as part of its *SFCR* publically disclose that it applies the *transitional deduction* and the quantification of the impact of not applying the *transitional deduction* on its financial position.

**[Note: Art. 308d(5) of the Solvency II Directive]**

## 12 PHASING-IN PLAN

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12.1 A *firm* with approval to use the *risk-free interest rate transitional measure* or the *technical provisions transitional measure* must:

- (1) immediately inform the *PRA* as soon as it observes that the *SCR* is no longer complied with without application of the *risk-free interest rate transitional measure* or the *technical provisions transitional measure*
- (2) take the measures necessary to achieve compliance with the *SCR* by 1 January 2032
- (3) within two *months* from the observation of non-compliance with the *SCR* without application of the *risk-free interest rate transitional measure* or the *technical provisions transitional measure*, submit a *phasing-in plan* to the *PRA*.

**[Note: Art. 308e(1) and (2) of the Solvency II Directive]**

12.2 A *firm's phasing-in plan* must set out the planned measures to establish the level of *eligible own funds* covering the *SCR* or reduce its risk profile to ensure compliance with the *SCR* by 1 January 2032.

**[Note: Art. 308e(2) of the Solvency II Directive]**

12.3 A *firm* that updates its *phasing-in plan* must submit the updated *phasing-in plan* to the *PRA*.

**[Note: Art. 308e(2) of the Solvency II Directive]**

12.4 A *firm* with approval to use the *risk-free interest rate transitional measure* or the *technical provisions transitional measure* and that is subject to the requirement in 12.1(3) must submit annually a report to the *PRA* setting out the measures taken and progress made to ensure compliance with the *SCR* by 1 January 2032.

**[Note: Art. 308d(5) and 308e(3) of the Solvency II Directive]**

## 13 REPORT ON FINANCIAL AND SOLVENCY CONDITIONS

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13.1 This Chapter applies to a disclosure of the *SFCR* by a *firm* or, as may be applicable, the report on solvency and financial condition at the level of the *group* by *participating Solvency II*

*undertakings* or the *relevant insurance group undertakings* within the *group*, made in relation to the relevant financial years ending on or before 31 December 2017.

13.2 In the disclosure required by Reporting 3.1, a *firm* may, unless required under other legal or regulatory requirements (including any *Solvency II EEA implementing measure*), opt not to disclose the following separately when disclosing the amount of the *MCR* and *SCR* under Reporting 3.7:

- (1) the information referred to in Reporting 3.7(2) on any *capital add-on* imposed on the *firm*; and
- (2) the information referred to in Reporting 3.7(3) on any *undertaking specific parameters*.

**[Note: Art. 51(2) of the Solvency II Directive]**

13.3 In the disclosure required by Reporting 3.1 as applied to a *group* by Group Supervision 18.1, the *participating Solvency II undertakings* that are *firms* or, if there are none, the *relevant insurance group undertakings* may, unless required under other legal or regulatory requirements (including any *Solvency II EEA implementing measure*), opt not to disclose the following separately when disclosing the amount of the *group SCR* under Reporting 3.7:

- (1) the information referred to in Reporting 3.7(2) on any *capital add-on* imposed on the *group*; and
- (2) the information referred to in Reporting 3.7(3) on any parameters specific to the *group*.

**[Note: Art. 256(1) and 51(2) of the Solvency II Directive]**