

SCR Calculation in Solvency II

The Solvency II regulation came into force on 1 January 2016.

It stipulates for instance that insurance companies must hold sufficient solvency capital (SCR = Solvency Capital Requirement).

Product Information

REPORTING REQUIREMENTS ARE SAFELY MET

Key Benefits

- ◇ Calculation of SCR key figures for market risks on all portfolio levels (Figure 2 and Figure 3)
- ◇ Reporting of SCR key figures in TRI Party Template (TPT) format (standard format among insurance companies)
- ◇ Flexible categorisation options for assets
- ◇ Look-Through Approach (LTA)
- ◇ Product optimisation

The riskier an investment, the more capital needs to be held.

The SCR calculation according to the Look-Through Approach (LTA) is a vital competitive criterion when launching attractive funds for insurance companies and when these insurance companies strive to meet supervisory requirements.



The **Solvency II module in PMS** assists you in the implementation of these requirements.

If an insurance company invests in a fund for example that does not offer a look-through approach, a capital backing of 49 % is required.

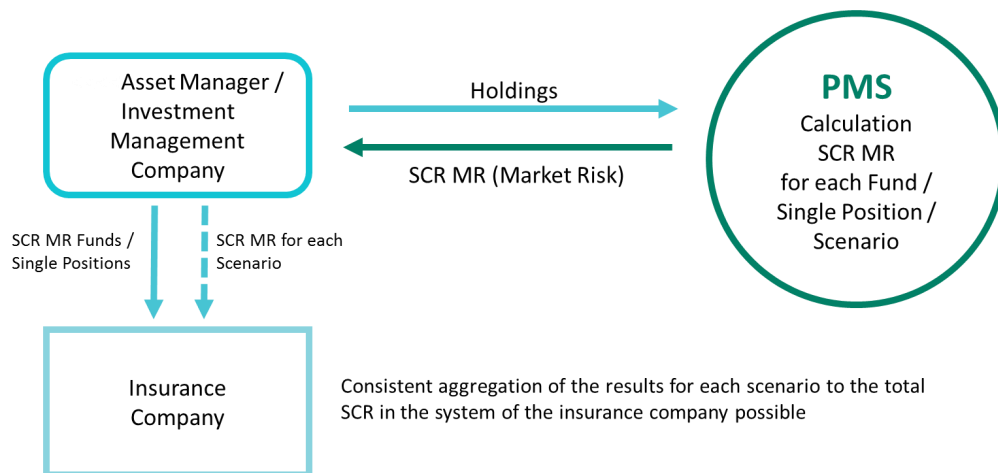


Figure 1: Look-Through Approach

In order for a fund to maintain its attraction for insurance companies, these companies should be provided with in-depth fund information on the fund composition and the SCR key figures of each asset subclass (Look-Through Approach = LTA) (Figure 1) so that an insurance company's equity backing can be kept as low as possible.



Figure 2: SCR calculation in PMS for market risks

Net Solvency Capital Requirement for Market Risk - Details

| Report ID: | Solvency II Report 004 | Timestamp: | Portfolio ID: | Solvency2 PF | Currency: | EUR | | |
|---------------------|------------------------|-------------------------|----------------|----------------|---------------|--------------------|-----------------|----------------|
| Position / SPF name | Interest Rate Up Risk | Interest Rate Down Risk | Equity Risk | Property Risk | Spread Risk | Concentration Risk | Currency Risk | Liquidity Risk |
| Solvency2 PF | -297 134 318,01 | 345 273 105,22 | 132 187 500,00 | 110 156 250,00 | 59 372 203,85 | 98 879 787,92 | 73 436 080,86 | 155 969 169,63 |
| Assets | 44 920 584,56 | -39 753 735,36 | 132 187 500,00 | 110 156 250,00 | 59 372 203,85 | 98 879 787,92 | 223 221 482,65 | -10 964 434,79 |
| S2_70001 | 22 665 320,92 | -20 209 469,68 | 0,00 | 0,00 | 20 239 600,33 | 4 980 112,25 | 0,00 | -5 255 343,91 |
| S2_70002 | 16 486 502,77 | -13 607 175,97 | 0,00 | 0,00 | 18 675 391,84 | 1 446 217,64 | 70 492 732,65 | -4 542 774,07 |
| S2_70003 | 3 736 387,52 | -3 877 511,34 | 0,00 | 0,00 | 18 131 671,92 | 72 736 425,63 | 0,00 | -462 601,90 |
| S2_70004 | 633 502,21 | -800 136,47 | 0,00 | 0,00 | 1 125 140,66 | -34 463,48 | 0,00 | -62 283,26 |
| S2_70005 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 1 789 367,65 | 76 478 750,00 | 0,00 |
| S2_70006 | 1 395 581,14 | -1 459 941,51 | 0,00 | 0,00 | 0,00 | 8 450 299,76 | 0,00 | -271 431,65 |
| S2_70007 | 0,00 | 0,00 | 75 000 000,00 | 0,00 | 0,00 | 532 633,06 | 0,00 | 0,00 |
| S2_70008 | 0,00 | 0,00 | 57 187 500,00 | 0,00 | 0,00 | 968 766,28 | 38 125 000,00 | 0,00 |
| S2_70009 | 0,00 | 0,00 | 0,00 | 62 500 000,00 | 0,00 | 5 279 987,55 | 0,00 | 0,00 |
| S2_70010 | 0,00 | 0,00 | 0,00 | 47 656 250,00 | 0,00 | 2 700 422,17 | 38 125 000,00 | 0,00 |
| Liabilities | -342 054 912,57 | 385 626 840,58 | 0,00 | 0,00 | 0,00 | 0,00 | -149 785 461,79 | 166 962 664,42 |
| S2_70051 | -12 380 070,22 | 11 540 336,95 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 4 876 522,36 |
| S2_70062 | -50 510 564,38 | 64 582 820,71 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 28 684 665,48 |
| S2_70063 | -29 010 674,89 | 49 263 968,29 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 20 962 458,05 |
| S2_70064 | -82 953 880,13 | 83 853 072,71 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 38 007 282,35 |
| S2_70065 | -54 856 948,38 | 103 591 418,84 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 44 072 546,61 |
| S2_70066 | -40 230 143,96 | 41 770 636,46 | 0,00 | 0,00 | 0,00 | 0,00 | -104 810 185,37 | 18 220 638,43 |
| S2_70067 | -32 474 630,62 | 30 125 616,62 | 0,00 | 0,00 | 0,00 | 0,00 | -44 975 216,42 | 12 116 669,71 |

Figure 3: Report example

Contact Information

much-net AG - Finanzsoftware & Services
 Kennedyallee 1-5
 53175 Bonn (Germany)
 +49 (0) 2 28-9 11 46-0
 sales@much-net.com

much-net financial software & services S.à.r.l.
 1, rue Bender
 1229 Luxembourg
 +352-24 83 97 77
 www.much-net.com