Decision Tree: Classification for Proportionality Measures

Start:

Assess Undertaking

Meets Qualitative Exclusion Criteria?

Yes => **Not eligible for proportionality measures**

No

Meets SNCUs Quantitative Criteria (2 years)?

Yes => **SNCU**

No => Captive meets Simplified Criteria?

Yes => **SNCU**

No => **Non-SNCU**

To apply for proportionality measures on a case-by-case basis

Qualitative Exclusion Criteria
- Non-Compliance with SCR;
- Use of Partial or Full Internal Models;
- Risk Profile inconsistent with simplified treatment, such as a parent undertaking of a financial conglomerate.

Quantitative Criteria (last 2 years)
- Interest risk ≤ 5%
- TP Combined ratio < 100%
- Cross-border ≤ €20m or 10%
- Life TP ≤ €1bn / Non-life GWP ≤ €100m
- MAT/Credit ≤ 30% GWP
- Risk components ≤ 20% investments
- Reinsurance ≤ 50% GWP
- SCR coverage > 100%

Captives Simplified Criteria
1. The insured and the beneficiary are legal entities of the group of which the captive is part or natural persons (e.g., employees) eligible to be covered under that group's insurance policies, provided this business remains below 5% of technical provisions; and
2. Insurance obligations must not consist of compulsory third-party liability insurance.