

# Interim Solvency Standard Amendment Standard 2023

This standard is issued on 6 June 2023 under sections 55 and 235(4) of the Insurance (Prudential Supervision) Act 2010 and on delegation from the Reserve Bank of New Zealand dated 16 March 2023.

## 1 Title

This standard is the Interim Solvency Standard Amendment Standard 2023.

## 2 Commencement

This standard comes into force on 1 August 2023.

## 3 Principal standard

This standard amends the Interim Solvency Standard 2023.

## 4 Principal standard amended

### *Definitions*

- (1) In paragraph 17, definition of **Final solvency standard**, replace “interim Solvency Standard 2023” with “Interim Solvency Standard 2023”.
- (2) In paragraph 17, definition of **Variable fee approach**, replace “paragraph 71” with “paragraph 45”.

### *Standardised insurance items*

- (3) In paragraph 28(iv), italicise all references to “solvency entities” and “run-off”.

### *Contingent assets and liabilities*

- (4) In paragraph 43, replace “has been disclosed” with “have been disclosed”.

### *Equity*

- (5) In the table at paragraph 86, row relating to “Listed trusts”, after “paragraphs 77 and 78”, insert “, excluding listed property trusts”.

### *Foreign currency*

- (6) In paragraph 90, replace “the absolute value of assets less the value of liabilities” with “the absolute value of the difference between the value of assets and the value of liabilities”.

### *Reinsurance recovery*

- (7) In paragraph 101(i)(f), replace “entity” with “solvency entity”.

*Capital charge for reinsurance disputes*

- (8) In paragraph 103, before "*reinsurance recovery asset*" insert "component of the".

*Contingent items*

- (9) In paragraph 112, after "99.5th percentile" insert "after one year".

*Calculation*

- (10) In paragraph 120, at the end of the paragraph, insert "Where an exposure can be allocated to multiple subcategories, the one with the highest capital factor must be employed."

*Solvency returns*

- (11) Replace paragraph 138 with:  
"138. *Interim solvency returns* must be—  
i. supplied within the timeframes specified in the conditions of licence issued to the *licensed insurer*;  
ii. presented in the form specified by the *Reserve Bank* on its website; and  
iii. certified in the manner specified in the conditions of licence issued to the *licensed insurer*."

*Disclosure of solvency measures*

- (12) In paragraph 144, replace "*entity*" with "*solvency entity*".

**5 Appendix 2 amended (Financial reinsurance)**

In clause 18 of Appendix 2, replace "clause 19" with "clause 20".

**6 Appendix 5 amended (Prescribed solvency assumptions)**

In the table at clause 11 of Appendix 5, replace the row relating to Health with:

Health	<i>Standardised liability for incurred claims,</i> <i>Standardised liability for remaining coverage, claims incidence</i> <i>Standardised liability for remaining coverage, claims inflation</i>	111% of <i>standardised liability for incurred claims</i> 115% of <i>best estimate assumptions</i> in year 1, 105% thereafter 1% per annum in addition to the <i>best estimate assumptions</i> for medical expense inflation
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Christian Hawkesby  
Deputy Governor

## Explanatory note

*This note is not part of the standard, but is intended to indicate its general effect.*

This standard, which comes into force 1 August 2023, amends the Interim Solvency Standard 2023 (the **principal standard**). The principal standard is a solvency standard issued under section 55 of the Insurance (Prudential Supervision) Act 2010.

The main purpose of this standard is to permit interim certification requirements to be set by the conditions of licence which apply to an insurer. This standard also makes typographical corrections and clarifies minor areas of ambiguity.

The amendments are, in the opinion of the Reserve Bank of New Zealand, amendments that correct a minor error or are otherwise of a minor nature.