



Solvency Standard for Non-life Insurance Business in Run-off 2014

Prudential Supervision Department

Issued: December 2014

1. Introduction

1.1. Authority

1. This **solvency standard** is made under section 55 of the Insurance (Prudential Supervision) Act 2010 (the Act).

1.2. Previous Versions

2. A previous version of this **solvency standard** was issued in April 2012. This **solvency standard** was last consulted on in 2014.

1.3. Commencement

3. This **solvency standard** comes into force on 1 January 2015.

1.4. Application

4. This **solvency standard** applies (in accordance with this Section) to every **licensed insurer** that carries on non-life insurance business in New Zealand, but only if:
 - (a) the **licensed insurer's** entire portfolio comprises non-life insurance; and
 - (b) the **licensed insurer's** entire business is in run-off; and
 - (c) the **licensed insurer** is required by a **condition of licence** to maintain a Solvency Margin in accordance with this **solvency standard**.
5. An **overseas insurer** is not required to comply with this **solvency standard** or a part of this **solvency standard** to the extent it has been granted an exemption under section 59(1) of the Act.

1.5. Requirements

6. This **solvency standard** incorporates the Solvency Standard for Non-life Insurance Business 2014 and all subsequent amendments to that **solvency standard**.
7. A **licensed insurer** to which this **solvency standard** applies must comply with the Solvency Standard for Non-life Insurance Business 2014, subject to the following modifications.
8. Paragraphs 1 to 8 of the Solvency Standard for Non-life Insurance Business 2014 are replaced with paragraphs 1 to 5 of this **solvency standard**.

9. In Section 3.1, Table 1 – Insurance Risk Capital Factors (which follows paragraph 35) is replaced with the following table:

Class of Insurance Business	Underwriting Risk Capital Factor	Run-off Risk Capital Factor
Domestic property	14%	36%
Private motor	14%	36%
Commercial property	16%	44%
Commercial motor	14%	36%
Liability classes	22%	60%
Marine	16%	44%
Health and Personal Accident	16%	44%
Travel	14%	36%
Other	16%	44%

10. In the definition of Premium Liabilities (paragraph 21), paragraphs 30(a), 37, 39, 40, 86(c), 92(a), 117 (b) the value “75%” (being the required risk margin for the probability of sufficiency is replaced with “90%” in every case.

Standard Ends

Website

<http://www.rbnz.govt.nz/regulation-and-supervision/insurers>

Email

insurance@rbnz.govt.nz

Telephone

+64 4 471 3591

Mail

Reserve Bank of New Zealand
Prudential Supervision – Financial Policy
PO Box 2498
WELLINGTON 6140