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Luxembourg Newsflash - 26 October 2023

Outcome of CAA review - questionnaire on capital requirement evaluation for premium and reserve risks in non-life and similar to non-life health insurance

On 10 October 2023, the CAA published Information Note 23/8 on the outcome of its review of the questionnaire on evaluating the capital requirement for premium and reserve risks in non-life insurance and health insurance similar to non-life.

On 10 October 2023, the *Commissariat Aux Assurances (CAA)* published Information Note 23/8 on the outcome of its review of the questionnaire on evaluating the capital requirement for premium and reserve risks in non-life insurance and health insurance similar to non-life (**Review**).

1. Background

The Review is the result of a CAA investigation into evaluation of the premium and reserve risk module to verify compliance with the applicable rules and regulations.

The investigation was conducted at 37 insurance and 180 reinsurance undertakings using the standard formula.

2. Conclusions

The CAA concluded that most of the undertakings subject to the Review correctly evaluate the premium and reserve risk.

However, it identified errors and inconsistencies in certain evaluations, which mainly relate to:

- failure to update relevant formulas or parameters;
- missing volumes of future premiums relating to future contracts;
- evaluation of the geographic diversification factor.

As a result, 25% of the relevant insurance undertakings and 37% of the relevant reinsurance undertakings will improve the evaluation of premium and reserve volumes in their next reporting.

The CAA will oversee the implementation of the necessary corrections and also encourages the entire insurance industry to remain vigilant about regulatory changes.

To read CAA Information Notice 23/8, [click here](#).

Contact our experts if you require any assistance with the application or implementation of the current insurance regulatory framework.

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