

# NATIONAL BANK OF MOLDOVA

## DECISION

**for the approval of the Regulation on the preparation and publication of the Solvency and Financial Condition Report by insurance or reinsurance undertakings**

**No. 124 of 28 May 2025**  
*(in force as of 03 June 2025)*

Official Monitor of the Republic of Moldova, No. 293-296 Article 407 of 03 June 2025

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***EU***

Pursuant to Article 25 paragraph (2), Article 44 paragraph (1) letter b), Article 50 paragraphs (1) and (6) of Law on the business of insurance and reinsurance No. 92/2022 (Official Gazette of the Republic of Moldova, 2022, No.129-133, Article 229), the Executive Board of the National Bank of Moldova

### **DECIDED:**

**1.** To approve the Regulation on the preparation and publication of the Solvency and Financial Condition Report by insurance or reinsurance undertakings, according to the annex.

**2.** This decision shall enter into force on the date of its publication in the Official Gazette of the Republic of Moldova.

**3.** By way of derogation from point 52 of the Regulation indicated in point 1, the first publication of the Solvency and Financial Condition Report, according to the Regulation mentioned in point 1 will be made for the situation as of 31 December 2024, until 30 September 2025.

**CHAIR  
OF THE EXECUTIVE BOARD**

**Anca-Dana DRAGU**

**No. 124. Chisinau, 28 May 2025**

**Regulation  
on the preparation and publication of the Solvency and Financial Condition  
Report by insurance or reinsurance undertakings**

This Regulation:

- transposes in part (transposes Art.290 - Art.295 (4), Art.295 (6) - Art.297 (2), Art.297 (5) - Art.298, Art.300 - Art.301 (3), Art.301 (5) - Art.302 and Annex XX) Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), published in the Official Journal of the European Union No. L 12/1 of 17 January 2015 CELEX: 32015R0035, as last amended by Delegated Regulation (EU) 2021/1256 of 21 April 2021 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings;
- transposes in part (transposes Guidelines 1-10, 12, 30-32, 36-37) EIOPA-BoS Guideline No. 15/109 on reporting and public disclosure.

**Chapter I  
GENERAL PROVISIONS**

1. The Regulation on the preparation and publication of the Solvency and Financial Condition Report by insurance or reinsurance undertakings (hereinafter – Regulation) establishes the requirements regarding the structure and content of the Solvency and Financial Condition Report, which is to be published by insurance or reinsurance undertakings (hereinafter – Undertakings) and submitted to the National Bank of Moldova, as well as the deadlines, means of its publication and presentation.

2. The terms and expressions used in this regulation have the meanings provided for in Law No. 92/2022 on the business of insurance and reinsurance (hereinafter – Law No. 92/2022).

3. For the purposes of this Regulation, “undertaking” includes the insurance or reinsurance undertaking with its head office in the Republic of Moldova, as well as the branch of the insurance or reinsurance undertaking in a third country.

**Chapter II  
SOLVENCY AND FINANCIAL CONDITION REPORT**

**Section 1  
Structure and content**

4. The solvency and financial condition report shall be drawn up and shall correspond to the structure provided for in the annex and information mentioned in points 9 - 41 shall be made public.

5. The solvency and financial condition report contains quantitative and qualitative information in text form, supplemented, where appropriate, with quantitative formulas.

6. The procedures regarding the disclosure of information, which the undertaking must dispose of in accordance with the provisions of the regulatory framework relating to the corporate governance system, will include, at least, the following:

6.1. the identification of the persons/functions responsible for the elaboration and review of any forms of reporting and published information;

6.2. the processes of meeting the publication requirements;

6.3. the explanation of the processes and control measures to ensure the reliability, integrity and consistency of data;

6.4. the processes for reviewing and approving the Solvency and Financial Condition Report by members of the administrative board;

6.5. the identification of information that is already available to the public and that the undertaking considers equivalent to the information requirements of the Solvency and Financial Condition Report in terms of nature and scope of application;

6.6. the method of determining the confidential information that the undertaking intends not to publish under the conditions provided for in article 51 paragraph (1) of Law No. 92/2022;

6.7. additional information that the undertaking has decided to publish voluntarily pursuant to article 50 paragraph (3) of Law No. 92/2022.

7. The undertakings shall ensure that the annual quantitative reporting forms are approved by the administrative board before submission to the National Bank of Moldova and subsequent public disclosure. The undertakings shall publish the following quantitative reporting forms, or extracts from them, in the Solvency and Financial Condition Report:

7.1. Annexes No. 1 and No. 2 to the Regulation on special-purpose financial statements of insurance or reinsurance undertakings, approved by the Decision of the National Commission for Financial Markets No. 30/13/2023;

7.2. Annexes No. 1 and No. 2 to the Decision of the National Commission for Financial Markets No. 26/15/2011 on the approval of the form and content of specialized reports of insurers (reinsurers);

7.3. Annexes No. 1, No. 2, No. 3 and/or No. 4, No. 5 and/or No. 6, No. 7, No. 8 and/or No. 9, No. 12 to the Regulation on own funds, valuation of assets and liabilities, assets admitted to cover technical provisions and the minimum capital requirement, solvency and liquidity of the insurance or reinsurance undertakings, approved by the Decision of the Executive Board of the National Bank of Moldova No. 328/2024.

8. Composite insurance undertakings shall prepare the Solvency and Financial Condition Report and complete the information mentioned in points 9 – 16, 27 - 41 separately for each activity.

## **Section 2**

### ***The threshold of significance and synthesis***

9. For the purposes of this regulation, the information that must be published in the Solvency and Financial Condition Report is considered significant if its omission or misstatement could influence the decision-making process or reasoning of the users of that report, including the National Bank of Moldova.

10. The Solvency and Financial Condition Report shall include a clear and concise summary. The summary of the Solvency and Financial Condition Report shall be easy to understand by insurance agreement parties, insureds and beneficiaries.

11. The summary of the Solvency and Financial Condition Report shall include all significant changes brought to the activity or performance of the undertaking, governance system, risk profile, solvency assessment (description of assets, technical provisions and other liabilities) and capital management during the reporting period.

### **Section 3**

#### **The activity and performance**

**12.** The Solvency and Financial Condition Report shall include all the following information regarding the undertaking's activity:

12.1. the name and legal form of the undertaking;

12.2. the name and contact details of the competent authority for the supervision of the undertaking and, if applicable, the name and contact details of the supervisor of the group to which the undertaking belongs;

12.3. the name and contact details of the entity of external audit of the undertaking;

12.4. a description of the holders of qualifying holdings in the undertaking's share capital;

12.5. when the undertaking belongs to a group, the details regarding its position in the legal structure of the group;

12.6. significant classes/types of insurance of the undertaking and significant geographical areas in which it operates;

12.7. any significant activity or any event that occurred during the reporting period and had a significant impact on the undertaking.

**13.** The Solvency and Financial Condition Report shall include qualitative and quantitative information regarding the risk underwriting performance, at an aggregate and separate level for each significant class/type of insurance and each significant geographical area of the undertaking's activity during the reporting period, as well as a comparison of the information with that communicated in the previous reporting period, as reflected in the undertaking's special-purpose financial statements.

**14.** The Solvency and Financial Condition Report shall include all the following qualitative and quantitative information regarding the performance of the undertaking's investments in the reporting period, as well as a comparison of the information with that communicated in the previous reporting period, as reflected in the special-purpose financial statements of the respective undertaking:

14.1. information regarding income and expenses resulting from investments, divided into asset categories and into components of the respective income and expenses;

14.2. information regarding the possible profits and losses recorded directly in the equity capital;

14.3. information regarding any investments in securitisation positions. Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranced, having all of the following characteristics:

14.3.1. payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures;

14.3.2. the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

**15.** The Solvency and Financial Condition Report shall include a description of other significant income and expenses of the undertaking, incurred during the reporting period, as well as a comparison of the information with that communicated in the previous reporting period, as reflected in the special-purpose financial statements of the respective undertaking.

**16.** The Solvency and Financial Condition Report shall include, in a separate section, any other significant information regarding the undertaking's activity and performance.

## **Section 4**

### **The system of governance**

**17.** The Solvency and Financial Condition Report shall include all the following information regarding the undertaking's governance system:

17.1. the organizational structure, by means of a description of the main roles and responsibilities of the undertaking's administrative board and by means of a brief description of the separation of responsibilities within these bodies, in particular by mentioning any relevant committees that exist within them, as well as by means of a description of the main roles and responsibilities of the persons holding key functions integrated into the organizational structure and decision-making processes of the undertaking;

17.2. any significant changes made to the governance system during the reporting period;

17.3. information regarding the remuneration policy and practices regarding the undertaking's management bodies and persons holding key positions, including:

17.3.1. principles of the remuneration policy with an explanation of the relative importance of the fixed and variable components of remuneration;

17.3.2. information regarding the individual and collective performance criteria on which the right to variable remuneration components is based;

17.3.3. a description of payments granted upon termination of the contract for members of the undertaking's administrative board and persons holding key positions;

17.4. information regarding significant transactions concluded during the reporting period with shareholders, persons exercising significant influence over the undertaking and members of the undertaking's administrative board.

**18.** The Solvency and Financial Condition Report shall include all the following information regarding the undertaking's policies/strategies, rules and procedures regarding training requirements, professional competence and integrity (reputation):

18.1. a description of the undertaking's specific requirements regarding skills, knowledge and experience applicable to persons in managerial positions or persons holding key positions;

18.2. a description of the undertaking's assessment procedures regarding professional competence and integrity (reputation) of persons in managerial positions or persons holding key positions.

**19.** The Solvency and Financial Condition Report shall include all of the following information regarding the risk management system used by the undertaking:

19.1. a description of the risk management system used by the undertaking, which includes strategies, processes and reporting procedures, as well as a description of how the undertaking effectively manages to identify, assess, monitor, manage and report on an ongoing basis, both at an individual and collective level, the risks to which it is exposed or to which it could be exposed, as well as their interdependencies;

19.2. a description of how the risk management system and, respectively, the risk management function are implemented and integrated into the organizational structure and decision-making processes of the undertaking.

**20.** The Solvency and Financial Condition Report shall include all of the following information regarding the process adopted by the undertaking in order to fulfill its obligation to carry out its own risk and solvency assessment:

20.1. a description of the process undertaken by the undertaking in order to fulfil its obligation to carry out its own risk and solvency assessment, within its risk management system, including the way in which the undertaking's own risk and solvency assessment is integrated into the undertaking's organisational structure and decision-making processes;

20.2. a detailed description of the frequency with which the undertaking's management bodies review and approve its own risk and solvency assessment;

20.3. a description explaining how the undertaking has determined its own overall solvency needs, given its risk profile and the interaction between its capital management activities and its risk management system.

**21.** The Solvency and Financial Condition Report shall include all the following information regarding the internal control system used by the undertaking:

21.1. a description of the internal control system used by the undertaking;

21.2. a description of the way in which the compliance function is carried out.

**22.** The Solvency and Financial Condition Report shall include all the following information regarding the internal audit function within the undertaking:

22.1. a description of the way in which the internal audit function is carried out;

22.2. a description of the way in which the internal audit function within the undertaking maintains its independence from the activities it verifies and its objectivity regarding them.

**23.** The Solvency and Financial Condition Report shall include a description of the way in which the actuarial function within the undertaking is carried out.

**24.** The Solvency and Financial Condition Report shall include a description of the outsourcing policy applied by the undertaking, the specification of all functions and activities related to the insurance or reinsurance activity that have been outsourced by the respective undertaking, mentioning the headquarters of the service providers that carry out the respective functions or activities.

**25.** The Solvency and Financial Condition Report shall include the assessment of the governance system compliance with the undertaking's risk profile which consists in the analysis of the adequacy of the undertaking's governance system in relation to the nature, extent and complexity of the risks inherent in its activity.

**26.** The Solvency and Financial Condition Report shall include in a separate section any other significant information regarding the undertaking's governance system.

## **Section 5** **Risk profile**

**27.** The Solvency and Financial Condition Report shall include qualitative and quantitative information regarding the undertaking's risk profile, in accordance with points 28 - 32, presented separately for the following risk categories:

27.1. underwriting risk;

27.2. market risk;

27.3. credit risk;

27.4. liquidity risk;

27.5. operational risk;

27.6. concentration risk;

27.7. other significant risks.

**28.** The Solvency and Financial Condition Report shall include the following information regarding the undertaking's risk exposure, including risks arising from off-balance sheet positions:

28.1. a description of the measures used to assess these risks within the undertaking, including any significant changes that have occurred during the reporting period;

28.2. a description of the significant risks to which the undertaking is exposed, including any significant changes that have occurred during the reporting period;

28.3. a description of the way the assets have been invested in accordance with the prudential investment rules, as set out in Article 75 of Law No. 92/2022, so as to address the risks referred to in that Article and their appropriate management.

**29.** Regarding risk concentration, the Solvency and Financial Condition Report shall include a description of the significant risk concentrations to which the undertaking is exposed.

**30.** Regarding risk mitigation, the Solvency and Financial Condition Report shall include a description of the techniques used to mitigate risks and a description of the processes for monitoring the ongoing effectiveness of these risk mitigation techniques.

**31.** Regarding risk sensitivity, the Solvency and Financial Condition Report shall include a description of the methods used, the assumptions made and the results of the stress tests and the sensitivity analysis to significant risks and events.

**32.** The Solvency and Financial Condition Report shall include in a separate section any other significant information regarding the undertaking's risk profile.

## **Section 6**

### **Assessment for solvency purposes**

**33.** The Solvency and Financial Condition Report shall include all the following information regarding the assessment of the undertaking's assets:

33.1. for each significant category of assets separately: the value of the assets, as well as a description of the bases, methods and main assumptions used for the assessment for solvency purposes;

33.2. for each significant category of assets separately: quantitative and qualitative explanation of any significant differences between the bases, methods and main assumptions used by the respective undertaking for the assessment at the value at which they could be traded for solvency purposes (prudential value) and those assessed according to International Financial Reporting Standards (IFRS) reflected in the special-purpose financial statements.

**34.** The Solvency and Financial Condition Report shall include all the following information regarding the assessment of the undertaking's technical provisions:

34.1. for each significant class/type of insurance separately: the value of technical provisions, as well as a description of the bases, methods and main assumptions used for their assessment;

34.2. a description of the uncertainty assessment associated with the estimates used in the calculation of technical provisions;

34.3. for each significant insurance class/type separately: quantitative and qualitative explanation of any significant differences between the results of the adequacy tests of technical provisions performed by the respective undertaking and the methods used to assess them in the special-purpose financial statements; analysis of the causes of systematic negative differences or insufficient technical provisions identified and the measures taken;

34.4. a description of the following:

34.4.1. the amounts recoverable from reinsurance contracts;

34.4.2. any significant change in the relevant assumptions used in the calculation of technical provisions compared to the previous reporting period.

**35.** The Solvency and Financial Condition Report shall include all the following information regarding the assessment of the undertaking's liabilities, other than technical provisions:

35.1. for each significant category of liabilities, other than technical provisions, taken separately: the value of the liabilities, as well as a description of the bases, methods and main assumptions used to assess them for solvency purposes;

35.2. for each significant category of liabilities, other than technical provisions, taken separately: quantitative and qualitative explanation of any significant differences between the bases, methods and main assumptions used by the respective undertaking for the assessment at the value at which they could be transferred for solvency purposes (prudential value) and those assessed according to International Financial Reporting Standards (IFRS) reflected in the special-purpose financial statements.

36. The Solvency and Financial Condition Report shall include information regarding alternative assessment methods of assets and liabilities for the purpose of complying with the disclosure requirements of insurance or reinsurance undertaking as set out in points 33 and 35.

37. The Solvency and Financial Condition Report shall include in a separate section any other significant information regarding the assessment of assets and liabilities for solvency purposes.

## **Section 7**

### ***Capital management, solvency ratio, minimum capital requirement***

38. The Solvency and Financial Condition Report shall include all of the following information regarding the structure and value of the undertaking's own funds, as well as their quality:

38.1. information regarding the objectives, policies and processes used by the undertaking to manage its own funds, including information regarding the time frame used for planning the activity and on any significant changes that occurred during the reporting period;

38.2. for each separate tier: information regarding the structure, value and quality of own funds, as well as an analysis of any significant changes compared to the previous reporting period and an explanation of any major differences regarding the value of the items included in each tier of own funds during the reporting period;

38.3 the eligible amount of the basic own funds to cover the minimum capital requirement, classified by tiers;

38.4. quantitative and qualitative explanation of any significant difference between equity capital, reflected in the undertaking's special-purpose financial statements, and the excess of assets over liabilities as calculated for solvency purposes;

38.5. for each significant item of ancillary own funds: a description of the item, the amount of the ancillary own funds item and any approved method for determining the amount of the ancillary own funds item, as well as the nature and name of the counterparty or group of counterparties for items other than basic own funds that may be called upon to cover losses (subscribed, uncalled and unpaid capital; letters of credit and guarantees; other legally binding commitments received by the undertaking, etc.); the names of the counterparties are not made public when this is legally impossible or impracticable or when the counterparties in question are not significant;

38.6. a description of any item deducted from own funds and a brief description of any significant restrictions affecting the availability and transferability of own funds within the undertaking;

38.7. information regarding the deferred tax, which must contain, at least, all the following elements:

38.7.1. a description of the calculated value of deferred tax assets, without assessing their probable use, as well as the extent to which these deferred tax assets have been recognized;

38.7.2. for deferred tax assets that have been recognised, a description of the assets that could be used by reporting, on the one hand, to probable future taxable

profit and, on the other hand, to the assumption of deferred tax liabilities relating to income tax levied by the same taxation authority;

38.7.3. in terms of net claims regarding the deferred tax assets, calculated as the difference between the amount of deferred tax assets that has been recognised and the amount of deferred tax liabilities, all of the following information:

- confirmation that these net deferred tax assets are available as basic own-fund items classified as tier 3;

- a description of the amount of these net deferred tax assets that are recognised as eligible own funds, applying the eligibility limits;

- if the amount of deferred tax assets is material, a description of the underlying assumptions used for the projection of probable future taxable profits.

**39.** The Solvency and Financial Condition Report shall include all of the following information regarding the solvency ratio requirement and the minimum capital requirement of the undertaking:

39.1. the value of the solvency ratio requirement and, respectively, the undertaking's minimum capital requirement at the end of the reporting period;

39.2. information regarding the input data used by the undertaking for calculating the minimum capital requirement;

39.3. any significant change to the solvency ratio requirement and the minimum capital requirement during the reporting period, as well as the reasons for that change;

39.4. information regarding the capacity of deferred taxes to cover losses, which must contain, at least, all of the following elements:

39.4.1. a description of the deferred tax liabilities, carry-back and probable future taxable profit used to demonstrate likely utilisation;

39.4.2. where the amount of deferred tax assets is material, a description of the underlying assumptions used for the projection of probable future taxable profits.

**40.** The Solvency and Financial Condition Report shall include all of the following information regarding any cases of non-compliance with the minimum capital requirement or significant non-compliance with the solvency ratio requirements by the undertaking:

40.1. regarding any non-compliance with the undertaking's minimum capital requirement: the period and maximum value of each case of non-compliance during the reporting period, even if it was subsequently remedied; explanation of the causes and consequences of that non-compliance, any remedial measures adopted, explanation of the effects of those remedial measures;

40.2. when the non-compliance with the undertaking's minimum capital requirement has not been subsequently resolved: the amount of the non-compliance at the reporting date;

40.3. regarding any significant non-compliance with the undertaking's solvency ratio requirement during the reporting period: the period and maximum value of each case of significant non-compliance and, in addition to explaining the causes and consequences of that non-compliance, as well as any remedial measures taken, an explanation of the effects of those remedial measures;

40.4. when the significant non-compliance with the undertaking's solvency ratio requirement has not been subsequently resolved: the amount of the non-compliance at the reporting date;

40.5. regarding any non-compliance in the case of asset coverage of technical provisions (category, restriction, etc.): the period and maximum value of each case of non-compliance in the reporting period, even if it was subsequently eliminated; explanation of the origin and consequences of the respective non-compliance, any remedial measures adopted, explanation of the effects of the respective remedial measures;

40.6. regarding any non-compliance in the case of asset coverage of the minimum capital requirement (category, restriction, etc.): the period and maximum value of each case of non-compliance in the reporting period, even if it was subsequently eliminated; explanation of the origin and consequences of the respective non-compliance, any remedial measures adopted, explanation of the effects of the respective remedial measures.

41. The Solvency and Financial Condition Report shall include in a separate section any other significant information regarding the undertaking's capital management.

42. When, in accordance with Article 50 paragraph (3) of Law No. 92/2022, undertakings make public information or explanations related to their solvency and financial Condition, the publication of which is not legally mandatory, they shall ensure that such additional information is compatible with the information provided to the National Bank of Moldova pursuant to Article 118 of Law No. 92/2022.

### **Chapter III REQUIREMENTS AND TERMS FOR PUBLICATION**

43. Undertakings shall publish the Solvency and Financial Condition Report on their official website and in the press organ provided for in the charter.

44. Undertakings that are members of a professional association that owns and maintains a website may publish the Solvency and Financial Condition Report, if permitted by the respective professional association, on the association's website.

45. The Solvency and Financial Condition Report published on the website in accordance with point 43 or 44 shall remain available on that website for at least five years from the date of publication referred to in point 52.

46. Regardless of whether the report has been made available on a website in accordance with point 43 or 44, undertakings shall communicate, within 20 working days of the request, the requested information relating to the Solvency and Financial Condition Report by the means indicated in the request or by a reference to the relevant website to any person who makes a request in this regard within two years of the date of publication referred to in point 52.

47. Undertakings shall submit to the National Bank of Moldova the Solvency and Financial Condition Report, as well as any updated version thereof, in electronic form, through the information system of the National Bank of Moldova.

48. Undertakings shall immediately notify the National Bank of Moldova in writing of the occurrence of any events that could reasonably determine or have already determined significant changes in the level of activity and performance, system of governance, risk profile, and solvency and financial position of the undertaking.

49. Where there is information regarding the nature and effects of any major change that significantly affects the relevance of their Solvency and Financial Condition Report, Undertakings shall publish an updated version of the report in accordance with point 50. Points 9 to 41 shall apply to the updated version.

50. Any updated version of the Solvency and Financial Condition Report shall be published as soon as possible after the occurrence of the major changes referred to in point 49, in accordance with the provisions of points 43 to 47.

51. Subject to points 49 and 50, undertakings may decide, within the meaning of point 46, to publish the appropriate information regarding the nature and effects of any major change that significantly affects the relevance of their Solvency and Financial Condition Report in the form of supplementary amendments to the initial report.

52. Undertakings shall annually publish the Solvency and Financial Condition Report no later than on the date of publication of the financial statements.

53. Undertakings shall transmit to the National Bank of Moldova:

53.1. The Solvency and Financial Condition Report - annually, immediately after its publication by the undertaking, on a date that cannot exceed the deadline mentioned in point 52;

53.2. the updated versions of the report provided for in sub-point 53.1, if applicable - on the date of publication of the updated version.

**54.** If, in accordance with this regulation, a comparison of the information with those presented in the previous reporting period is required, that requirement shall apply only if the previous reporting period covers a period subsequent to the implementation date of Law No. 92/2022 and the normative acts issued pursuant to it.

Annex  
to the Regulation on the preparation and publication  
of the Solvency and Financial Condition Report  
by insurance or reinsurance undertakings

## **Structure of the Solvency and Financial Condition Report and how it is prepared**

### **Summary**

#### **A. Activity and performance**

- A.1 Activity
- A.2 Underwriting performance
- A.3 Investment performance
- A.4 Performance of other activities
- A.5 Other information

#### **B. Governance system**

- B.1 General information regarding the governance system
- B.2 Competence and integrity requirements
- B.3 Risk management system, including internal risk and solvency assessment
- B.4 Internal control system
- B.5 Internal audit function
- B.6 Actuarial function
- B.7 Outsourcing
- B.8 Other information

#### **C. Risk profile**

- C.1 Underwriting risk
- C.2 Market risk
- C.3 Credit risk
- C.4 Liquidity risk
- C.5 Operational risk
- C.6 Concentration risk
- C.7 Other significant risks
- C.8 Other information

#### **D. Assessment for solvency purposes**

- D.1 Assets
- D.2 Technical provisions
- D.3 Other liabilities
- D.4 Alternative assessment methods
- D.5 Other information

## **E. Capital management**

E.1 Own funds

E.2 The solvency ratio and the minimum capital requirement

E.3 Non-compliance with the minimum capital requirement and non-compliance with the solvency ratio requirement

E.4 Non-compliance of assets covering technical provisions and non-compliance of assets covering the minimum capital requirement

E.5 Other information

### **The method for preparing the Solvency and Financial Condition Report**

**1.** In section “A.1 Activity” undertakings must describe, at least, the following information regarding their activity:

1.1. the name and location of the legal or natural persons holding direct or indirect qualified holdings in an undertaking's share capital (including the beneficial owner and, where applicable, the parent undertaking), the share of the holding and, if different, the share of the voting rights held;

1.2. a list of legal entities affiliated with the undertaking, including name, legal form, country, share of holding and, if different, share of voting rights held;

1.3. a simplified group structure.

**2.** In section “A.4 Performance of other activities”, undertakings must generally describe lease agreements in relation to each significant lease agreement, separately for finance and operating leases.

**3.** In section “B.1 General information regarding the governance system”, undertakings must explain the way in which the persons holding the key positions have the authority, the resources and the operational independence necessary to perform their duties, as well as the way they report and notify the management bodies.

**4.** In section “B.3 Risk management system, including internal risk and solvency assessment” undertakings must describe, at least, the following information relating to governance:

4.1. responsible roles and specialized committees, if any, their main duties, function and scope of responsibilities;

4.2. the way in which existing specialized committees interact with the management bodies;

4.3. any significant changes to the governance system during the reporting period;

4.4. a description of the data validation process.

**5.** In section “C.1 Underwriting risk” undertakings must identify and describe the risks associated with them. The section reflects the risk arising from general or life insurance obligations, taking into account the insured events and the procedures applied in carrying out this activity. The uncertain nature of the undertaking's results in relation to the existing insurance and reinsurance obligations, as well as new portfolio items expected to be underwritten in the next 12 months, are taken into account.

**6.** In section “D.1 Assets”, undertakings must take into account the nature, function, risk and importance of assets when they are aggregated into significant categories to describe the valuation basis applied to them.

Undertakings must describe, in relation to each significant asset category, at least the following quantitative and qualitative information:

6.1. the recognition and valuation basis applied, including the methods and input data used, as well as opinions other than estimates that would significantly affect the values recognized, in particular:

6.1.1. in the case of significant intangible assets: the nature of the assets and information on the evidence and criteria applied to conclude that there is an active market for those assets;

6.1.2. in the case of significant financial assets: information regarding criteria applied to assess whether markets are active and, if markets are inactive, a description of the valuation model used;

6.1.3. in the case of financial and operational leasing: general description of the leasing contracts in relation to each significant category of assets that is the subject of the leasing contract, separately for financial and operational leasing contracts;

6.1.4. in the case of deferred tax assets: information about the source of recognition of deferred tax assets and the amount and expiry date, if any, of deductible temporary differences, unused tax losses and unused tax credits for which there is no deferred tax asset recognised in the balance sheet;

6.1.5. in the case of affiliated entities: if affiliated entities have not been valued using quoted market prices in an active market or using the adjusted equity method, an explanation shall be provided to justify why it was not possible or practical to use these methods.

6.2. any changes to the recognition basis and valuation basis used or estimates made during the reporting period;

6.3. assumptions and opinions, including the assumptions and opinions about future sources or other major sources of estimation uncertainty.

**7.** In section "D.2 Technical provisions", undertakings must describe the methods used to calculate technical provisions.

**8.** In section "D.3 Other liabilities", undertakings must take into account the nature, function, risk and significance of the liabilities when liabilities other than technical provisions are aggregated into significant categories to describe the valuation basis applied to them.

Undertakings must describe, in relation to each significant category of liabilities, other than technical provisions, at least the following quantitative and qualitative information:

8.1. the recognition and valuation basis applied, including methods and inputs used, in particular:

8.1.1. general description of significant liabilities arising from leasing contracts, with separate disclosure of information on financial and operating leases;

8.1.2. the source of recognition of deferred tax liabilities and the amount and expiry date, if any, of deductible temporary differences, unused tax losses and unused tax credits for which there is no deferred tax liability recognised in the balance sheet;

8.1.3. the nature of the obligation and, if known, the expected timing of any outflows of economic benefits and an indication of the uncertainties associated with the amount or timing of the outflows of economic benefits, as well as how the risk of deviation has been taken into account in the assessment;

8.1.4. the nature of the employee benefit liabilities and a breakdown of the amounts by nature of the liability and the nature of the assets of the defined benefit plan, the value of each category of assets, the percentage of each category of assets of the total assets of the defined benefit plan, including reimbursement rights;

8.2. any changes to the recognition basis and valuation basis used or estimates made during the reporting period;

8.3. assumptions and opinions, including those about future sources or other major sources of estimation uncertainty.

**9.** In section "E.1 Own funds" undertakings must describe, with regard to their own funds, at least the following information:

9.1. for each material own fund item, as well as for items that have received the approval of the National Bank of Moldova, the information required in points 38-41 of the regulation, with a distinction between core and ancillary own fund items;

9.2. for each material own fund item, the extent to which it is available, subordinated, as well as its duration and any other features that are relevant for assessing its quality;

9.3. an analysis of significant changes in own funds during the reporting period, including the value of own fund items issued during the year, the value of instruments redeemed during the year, and the extent to which the issuance has been used to fund redemption;

9.4. in relation to subordinated debt, an explanation of the changes to its/ their value;

9.5. details of the principal loss absorbency mechanism;

9.6. an explanation of the key elements of the reconciliation reserve;

9.7. for each basic own fund item:

9.7.1. the tier into which each basic own fund item has been classified and why;

9.7.2. the date of the next call and the regularity of any subsequent call dates, or the fact that there are no call dates.

9.8. when disclosing the information required in sub-point 38.5 of the Regulation, information on the type of arrangement and the nature of the basic own funds item which each ancillary own fund item would become on being called up or satisfied, including the tier, as well as when the item was approved by the National Bank of Moldova and, where a method was approved, for how long;

9.9. where a method has been used to determine the amount of a material ancillary own fund item, undertakings should describe:

9.9.1. how the valuation provided by the method has varied over time;

9.9.2. which inputs to the methodology have been the principal drivers for this movement;

9.9.3. the extent to which the amount calculated is affected by past experience, including the outcome of past calls.

9.10. regarding items deducted from own funds:

9.10.1. the total excess of assets over liabilities within ring-fenced funds;

9.10.2. the extent of and reasons for significant restrictions on, deductions from or encumbrances of own funds.