



Own Funds Requirements Regulation for Small Mutual Associations

(kV-EEV; *kleine Versicherungsvereine Eigenmittelerfordernisverordnung*)

Full title

Regulation of the Financial Market Authority (FMA) on the calculation of the own funds requirements of small mutual associations (Own Funds Requirements Regulation for Small Mutual Associations – kV-EEV; *kleine Versicherungsvereine Eigenmittelerfordernisverordnung*)

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Preamble / Promulgation Clause

Based on Article 70 para. 1 of the 2016 Insurance Supervision Act (VAG 2016; *Versicherungsaufsichtsgesetz 2016*), published in Federal Law Gazette I No 34/2015, the following shall be determined by Regulation:

Text

Own funds requirements

Article 1. (1) Small mutual associations pursuant to Article 5 no. 4 of the 2016 Insurance Supervision Act (VAG 2016; *Versicherungsaufsichtsgesetz*) are required to calculate their own funds requirements on the basis of the indices detailed in Articles 2 and 3.

(2) The own funds requirements must comply with the higher of the two indices as calculated in accordance with Articles 2 and 3.

(3) The rules on the contingency reserve pursuant to Article 71 VAG 2016, which must be established according to Article 45 VAG 2016 as stipulated in the articles of association and which must take adequate account of the individual risks to which the small mutual association is exposed, remain unaffected.

Premium index

Article 2. The premium index is calculated on the basis of the volume of earned premiums for the financial year. The portion attributable to reinsurers is then deducted from this amount. A percentage rate of 50% is applied to the resulting total retained premiums earned.

Sum insured index

Article 3. (1) The sum insured index is calculated on the basis of the total sum insured for the financial year in the household and fire insurance classes and for those sectors for which the total sum insured is not included in the household and fire insurance figures. The portion attributable to reinsurers is then deducted from this amount. The total retained sum insured calculated in this way is then divided into the levels referred to in para. 3.

(2) The total retained sum insured for the respective level is multiplied by the applicable factor in accordance with para. 3. The sum insured index is then obtained by adding these products together.

(3) Small mutual associations as defined in Article 5 no. 4 VAG 2016 that:

1. only pursue animal insurance must divide their total retained sum insured into two levels:
 - a) a factor of 0.024 applies to the first level, up to EUR 500 000,
 - b) a factor of 0.0024 applies to the second level, from EUR 500 001 upwards;
2. do not pursue animal insurance exclusively and report a total retained sum insured of up to EUR 100 million must divide this amount into four levels:
 - a) a factor of 0.14 applies to the first level, up to EUR 1 000 000,
 - b) a factor of 0.028 applies to the second level, from EUR 1 000 001 to EUR 2 000 000,
 - c) a factor of 0.0056 applies to the third level, from EUR 2 000 001 to EUR 10 000 000,
 - d) a factor of 0.00112 applies to the fourth level from EUR 10 000 001 to EUR 100 000 000;



3. do not pursue animal insurance exclusively and report a total retained sum insured of more than EUR 100 million must divide this amount into three levels:
- a) a factor of 0.00313 applies to the first level, up to EUR 400 000 000,
 - b) a factor of 0.00212 applies to the second level, from EUR 400 000 001 to EUR 4 000 000 000,
 - c) a factor of 0.0001 applies to the third level, from EUR 4 000 000 001 upwards.

Entry into force

Article 4. This regulation shall enter into force on 1 January 2016 and shall apply for the first time for financial years that begin after 31 December 2015.