

REGULATIONS OF THE BANK OF RUSSIA
NO. 781-P OF NOVEMBER 16, 2021
ON THE REQUIREMENTS FOR FINANCIAL STABILITY AND SOLVENCY OF INSURERS
(with the Amendments and Additions of September 22, 2022)

These Regulations, on the basis of Subitem 7 of Item 1 of Article 4.1, Items 2, 4.1, 4.2 of Article 25 and Items 2, 5 of Article 26 of Law of the Russian Federation No. 4015-I of November 27, 1992 on the Organisation of the Insurance Business in the Russian Federation, Article 20 of Federal Law No. 286-FZ of November 29, 2007 on Mutual Insurance, Item 5 of Article 2, Item 4 of Part 2 of Article 8 of Federal Law No. 293-FZ of November 2, 2013 on Actuarial Activities in the Russian Federation and for the purpose of regulation of issues of financial stability and solvency of insurers:

establishes:

the methodology for calculation of the amount of own funds (capital) of the insurance company;

the list of the assets permitted for investment, the requirements for such assets and the procedure for investment of own funds (capital) envisaging, among other things, the requirements for structure of the assets where the own funds (capital) of the insurance company or a part of them are allowed to be placed;

the list of the assets permitted for investment, the requirements for such assets and the procedure for investment of funds of insurance reserves envisaging, among other things, the requirements for the structure of the assets where the funds of insurance reserves of the insurers or a part of them are allowed to be placed;

procedure for calculation of the standard ratio of own funds (capital) and the taken obligations of the insurance company (including the procedure for determination of indicators used for calculation of such ratio) and its minimum allowable value;

the threshold value of the standard ratio of the own funds (capital) and the taken obligations of the insurance company;

requirements for the results of the actuarial calculations made in accordance with the legislation on actuarial activities for calculation of the insurance reserves;

approves the rules for forming of the insurance reserves establishing:

types of the insurance reserves, the necessity and the conditions for their formation;

methods for calculation of the insurance reserves and the approaches defining them;

requirements for the provision on forming of the insurance reserves;

requirements for the documents containing the information necessary for calculation of insurance reserves and the terms for their storage;

methodological support of calculation of the share of the reinsurers in the insurance reserves;

procedure for agreement with the Bank of Russia of the methods for calculation of insurance reserves differing from those envisaged by the rules of forming of the insurance reserves (including the deadlines and the conditions for such agreement and the grounds for the refusal of the agreement).

Chapter 1. Methodology for Calculation of Own Funds (Capital) of the Insurance Company

1.1. Amount of own funds (capital) of the insurance company shall be calculated as a difference between the values of the assets and the liabilities of the insurance company.

For calculation of the value of assets of the insurance company, the value of its assets calculated in accordance with Chapter 3 of these Regulations shall be summed up, as of the date, as of which the calculation is made (hereinafter - the calculation date).

The following shall be included in the assets of the insurance company subject to

summing up, as of the calculation date:

Rights to claim from the insurance contracts and agreements accepted for reinsurance, if the monetary flows on them are cited in paragraphs 2, 4, 6 (as related to the non-received flows), 7, 9 and 12 of Subitem 5.3.7 of Item 5.3 of these Regulations;

rights to claim from the reinsurance contracts where the insurer acts as a reinsurant (hereinafter - outward reinsurance contract), if the cash flows on them are cited in paragraphs 2, 4, 5 and 8 of Subitem 5.6.5 of Item 5.6 of these Regulations;

share of reinsurers in the insurance reserves;

assets of the insurance company whose analytical accounting is kept on balance sheet accounts in accordance with the chart of accounts for bookkeeping in non-credit financial institutions and the procedure for its use, approved by the regulatory act of the Bank of Russia adopted on the basis of Item 14, Article 4 of Federal Law No. 86-FZ of July 10, 2002 on the Central Bank of the Russian Federation (the Bank of Russia), Part 6 of Article 21 of Federal Law No. 402-FZ of December 6, 2011 on Accounting (hereinafter - the Chart of accounts for bookkeeping in non-credit financial institutions), except for the assets of the insurance company formed due to the conclusion, amendment or termination, including early one, of the insurance and outward insurance contracts.

For calculation of the value of liabilities of the insurance company, the value of all liabilities calculated in accordance with Chapter 4 of these Regulations shall be summed up as of the calculation date.

Liabilities of the insurance company to be summed up shall include all its liabilities following also from the agreements and other transactions, as a result of infliction of damage, unreasonable gains or application to the insurance company of the responsibility measures, and its tax liabilities as of the calculation date.

1.2. When calculating the amount of own funds of the insurance company, the following assets shall not be accounted:

1.2.1. funds of the compulsory medical insurance intended for payment for medical aid, received by the health insurance company in accordance with Federal Law No. 326-FZ of November 29, 2010 on the Compulsory Medical Insurance in the Russian Federation (hereinafter - the Federal Law on Compulsory Medical Insurance in the Russian Federation) and kept on a separate account defined by the insurance company in the internal document cited in Item 1.5 of these Regulations, making it possible that the funds are those of the targeted financing, except for the funds (rights to claim such funds) acknowledged as own funds of the health insurance company in accordance with Part 4 of Article 28 of the Federal Law on Compulsory Medical Insurance in the Russian Federation (hereinafter - own funds of the health insurance company), in the amount cumulative with the assets cited in Subitem 1.2.4 of this Item, not exceeding the amount of the liabilities cited in Subitem 1.3.1 of Item 1.3 of these Regulations;

1.2.2. assets, the risks of change of whose value are fully imposed on the beneficiaries on such contracts, in accordance with life insurance contracts¹;

1.2.3. claim rights, excluding those following from the agreements of outward insurance, the cash flows on which are accounted when calculating the share of the reinsurers in the insurance reserves according to Subitem 5.6.3 of Item 5.6 of these Regulations, in the amount of the liabilities of the insurance company conditioned by fulfillment of such requirements, on the condition that:

no bankruptcy proceedings are initiated against the debtor;

the claim rights are not encumbered by the rights of third parties;

the claim rights of the insurance company are homogeneous with its liabilities;

¹ paragraphs 2 and 4 of Item 3 of Article 3, Subitem 3 of Item 1 of Article 32.9 of Law of the Russian Federation No. 4015-1 of November 27, 1992 on the Organisation of the Insurance Business in the Russian Federation (hereinafter - the Law of the Russian Federation on Organisation of Insurance Business in the Russian Federation).

1.2.4. the claim rights to the territorial fund and the healthcare companies formed in accordance with the Federal Law on Compulsory Medical Insurance in the Russian Federation, as related to funds of the compulsory medical insurance being those of a targeted financing and recourses of the insurance company to those who inflicted damage to health of the insured, except for the own funds of the health insurance company, in the amount cumulatively with the assets cited in Subitem 1.2.1 of this Item, not exceeding the amount of the liabilities cited in Subitem 1.3.1 of Item 1.3 of these Regulations.

1.3. When calculating the amount of own funds of the insurance company, the following liabilities shall not be accounted:

1.3.1. liabilities formed in accordance with the Federal Law on Compulsory Insurance in the Russian Federation, in the amount not exceeding the amount of the assets cited in Subitems 1.2.1, 1.2.4 of Item 1.2 of these Regulations;

1.3.2. liabilities related to payment of the value (amount of change of the value) of the assets cited in Subitem 1.2.2 of Item 1.2 of these Regulations to the beneficiary, in the amount not exceeding the amount of the assets cited in Subitem 1.2.2 of Item 1.2 of these Regulations;

1.3.3. liabilities related to the assets, whose analytical accounting is carried out on the following off-balance sheet sub-ledger accounts in accordance with The Chart of Accounts for Bookkeeping in non-credit financial institutions:

securities accepted as the security on the placed funds;

assets accepted as security on placed funds, except for securities and precious metals;

precious metals accepted as security on the placed funds;

securities received under the transactions on a repayment basis;

fixed and other assets received under the lease agreements;

contingent non-credit liabilities in the part of the amounts payable on the disputes not settled as of the calculation date using the compliant or other pre-court procedure and on the court proceedings not completed as of the calculated date, where the insurance company acts as a defendant, and the decisions on which can be taken only in the subsequent reporting periods (value of assets subject to alienation on the basis of the reclamations and claims of third parties to the insurance company), in accordance with the documents received by the insurance company, including those from court and tax authorities and the amounts on the disputes regarding payment of forfeits (penalties, late payment fees) not settled as of the calculation date, in accordance with the concluded contracts or the legislation of the Russian Federation;

1.3.4. liabilities, except for those whose value is defined in accordance with Item 4.3 of these Regulations, conditioned by satisfaction by the debtor of claims of the insurance company, in the amount not exceeding the amount of such claims, on condition that:

the claims are not yet mature;

no bankruptcy proceedings are initiated against the debtor;

liabilities of the insurance company are homogeneous with the claims of the insurance company.

1.4. When calculating the amount of own funds of the insurance company:

1.4.1 securities, the title to which is certified by depository receipts shall be included in the assets except for the depository receipts;

1.4.2. assets where the property of the respective fund is invested shall be included in the assets proportionally to the share of the securities of the insurance company instead of shares and units of investment funds, including foreign ones, the value of which is not acknowledged zero in accordance with Chapter 3 of these Regulations, if the information on the assets is disclosed;

1.4.3. the respective real estate unit shall be included in the assets instead of the rights to claim on the transaction aimed at the subsequent transfer from the insurance company of the title to the real estate unit;

1.4.4. liabilities of the investment fund by the data of its reporting shall be included in the liabilities of the insurance company proportionally to the share of securities of the insurance company, if the assets of the insurance company contain those where the property of the respective fund is invested, in accordance with Subitem 1.4.2 of this Item;

1.4.5. the claim rights cited in paragraph 4 of Item 1.1 of these Regulations shall be included in the assets in the part related to the conditions belonging to one period of validity of the insurance coverage defined in accordance with Subitem 5.1.10 of Item 5.1 of these Regulations, until the date of end of the longest continuous period, starting from the calculation date (inclusively), during which the terms of the insurance contract influencing the value of the insurance reserves are clearly defined and are not subject to the change by the insurer unilaterally (hereinafter - the upper bound) and to one reference group (hereinafter jointly referred to as the insurance contract). With that:

if, according to the contract terms, the insurer has an unlimited right to terminate the insurance contract or change its terms unilaterally on any date following the calculation date, the upper bound of the contract shall be the date of end of the validity of the insurance coverage;

if the condition of paragraph 2 of this Subitem is not met, and the insurer has, according to the contract terms, an unlimited right to terminate the insurance contract or change its terms unilaterally as of the dates specified in the insurance contract and following the calculation date, the upper bound of the contract shall be the earliest of such dates.

1.5. For calculation of the amount of own funds (capital) in accordance with the requirements of this Chapter and Chapters 3-5 of these Regulations, the insurance company shall use the International Financial Reporting Standard (IFRS) 13 "Fair value estimation"² (hereinafter - IFRS 13) as related to calculation of the fair value, the regulations on forming of the insurance reserves and include the following in the internal document (internal documents) as related to assets and liabilities formed as a result of conclusion of the transactions cited in Subitem 2.4.3 of Item 2.4 of these Regulations, receipt of a subordinated loan and the liabilities cited in paragraph 2 of Item 4.3 of these Regulations:

description of the way for selection of the method for calculation of value of the assets (liabilities);

description of the sources of data for calculation of the value of assets (liabilities), the method for their selection and the time as of which the value of the assets (liabilities) is calculated;

algorithm for conversion of the value in one currency in the value in another currency;

criteria for acknowledgement the asset and liability markets active;

criteria for selection of methods and models for evaluation, depending on types of the assets (liabilities);

list of the assets (liabilities) subject to evaluation by the valuer and the frequency of the evaluation;

description of the method for determination of separate accounts where the funds of

² introduced in the Russian Federation by Order of the Ministry of Finance of the Russian Federation No. 217n of December 28, 2015 on Introduction of the International Financial Reporting Standards and the Interpretation of the International Financial Reporting Standards in the Russian Federation and on Acknowledgement as Invalidated of Certain Orders (Certain Provision of Orders) of the Ministry of Finance of the Russian Federation, registered by the Ministry of Justice of the Russian Federation on February 2, 2016 under No. 40940 and on August 1, 2016 under No. 43044, with the amendments introduced in the Russian Federation by Order of the Ministry of Finance of the Russian Federation No. 98n of June 27, 2016 on Introduction of Documents of the International Financial Reporting Standards in the Russian Federation and on Acknowledgement as Invalidated of Certain Orders of the Ministry of Finance of the Russian Federation, registered by the Ministry of Justice of the Russian Federation on July 15, 2016 under No. 42869 and Order of the Ministry of Finance of the Russian Federation No. 111n of July 11, 2016 on Introduction and Termination of the Documents of the International Financial Reporting Standards in the Russian Federation, registered by the Ministry of Justice of the Russian Federation on August 1, 2016 under No. 43044.

the compulsory medical insurance cited in Subitem 1.2.1 of Item 1.2 of these Regulations are kept;

list of the assets whose value the credit institution acknowledges as zero, in accordance with Subitem 3.1.25 of Item 3.1 of these Regulations;

received subordinated loans subject to the accounting at calculation of the standard ratio of own funds (capital) and the accepted liabilities of the insurance company and the amount, in which the subordinated loan shall be accounted (hereinafter - the internal document).

The internal document shall be kept by the insurance company in the Russian Federation for not less than five years from the date of calculation of own funds on the basis of the internal document.

The insurance company shall provide making of backup copies of the internal document drawn up in electronic form.

Chapter 2. Investment of Own Funds (Capital) of the Insurance Company and Funds of Insurance Reserves of the Insurers, the List of the Assets Permitted for Investment, the Requirements for Such Assets, Including Those for the Structure of Such Assets

2.1. Own funds (capital) of the insurance company and funds of insurance reserves of the insurers can be invested in the following types of assets:

2.1.1. objects, including assets, cash and certificated securities, excluding the objects withdrawn from the civil circulation;

2.1.2. property rights (including cashless funds, non-certificated securities, digital rights and rights to claim from individuals and legal entities).

2.2. Assets where the own funds (capital) of the insurance company are invested and funds of insurance reserves of the insurers shall meet the following requirements:

2.2.1. issuers of securities shall be incorporated in accordance with the legislation of the Russian Federation or foreign states being the members of the Eurasian Economic Union (hereinafter - the EEU), the Organisation for Economic Cooperation and Development (hereinafter - the OECD), the European Union, China, India, Brazil or the Republic of South Africa;

2.2.2. the objects, except for certificated bonds and shares shall be located in the Russian Federation.

2.3. The value of assets and liabilities of the insurer shall be calculated proceeding from the composition of the assets and liabilities cited in Chapter 1 of these Regulations. The value of assets and liabilities shall be calculated in accordance with Chapters 3 and 4 of these Regulations, except for the total value of the assets (liabilities) cited in Item 2.4 of these Regulations.

2.4. Total value of the following assets (liabilities) shall not exceed 40 percent (30 percent as of the date of conclusion of the transactions cited below) of the value of assets of the insurer:

2.4.1. securities (funds) received by the insurer on the first part of the repo agreement (repo), except for those under which the insurer is the buyer on the first part and which envisage the impossibility of disposal of the acquired securities, except for their return on the second part of such repo³;

2.4.2. attracted loans and borrowings (including that by issuance of promissory notes, issuance and sale of bonds, except for subordinated loans as related to the residual value of the subordinated loan included in calculation of the standard ratio of own funds (capital) and the accepted obligations of the insurance company), the amount of which is calculated taking

³ Item 17 of Article 51 of Federal Law No. 39-FZ of April 22, 1996 on the Securities Market (hereinafter - the Federal Law on the Securities Market).

into account the interest;

2.4.3. lots of financial derivatives, underlying assets of financial derivatives (underlying assets of financial derivatives being the underlying assets of financial derivatives) (if the terms of the financial derivative or terms of its underlying asset which is a financial derivative do not envisage a lot) (except for the option contracts, under which the insurer has the right to demand purchase or sale of the underlying asset⁴ from the counterparty), and the accepted obligations of supply of the assets under the transactions whose due date is not earlier than 3 business days after the date of conclusion of the transaction (except for transactions with real estate) (hereinafter, correspondingly - the fixed-term transaction, the subject of the fixed-term transaction);

2.4.4. sureties and independent guarantees issued by the insurer, whose analytical accounting is kept on off-balance sheet sub-ledger accounts in accordance with The Chart of Accounts for Bookkeeping in non-credit financial institutions.

2.5. Total value of the assets (liabilities) cited in Item 2.4 of these Regulations shall be calculated:

for Subitems 2.4.1 and 2.4.3 of Item 2.4 of these Regulations - at the fair value in accordance with IFRS 13;

for Subitem 2.4.2 of Item 2.4 of these Regulations - on the basis of the accounting data;

for Subitem 2.4.4 of Item 2.4 of these Regulations - in the amount of the liability (liability limit) of the insurer.

2.6. For the purpose of these Regulations and as related to establishment of the requirements for the structure of assets of the insurers and assessment of influence of risks on the own funds (capital), it shall be necessary to account the liabilities to the insurer of the legal entity or the individual, the Russian Federation, the Russian Federation constituent entity, the municipal entity, the foreign state or the administrative unit of the foreign state being:

the person obliged on the securities owned by the insurer or on the securities being the subject of fixed-term transactions, to which the insurer is the party;

the person, whose fulfillment of liabilities determines the cash flows on the securities owned by the insurer, fixed-term transactions or other contracts, to which the insurer is the party (or the party to the co-insurance contract, reinsurance pool or the association, if such contract or terms of the participation envisage joint or subsidiary responsibility⁵);

the surety (guarantor) for the persons cited in paragraphs 2, 3 and 5 of this Item;

the person, to which the insurer has other rights to claim (including those of payment of insurance premium). With that, for determination of the obligor, the obligor shall be deemed the credit institution where the special account is opened, instead of the broker not being a credit institution, if the rights to claim are based on the brokerage agreement, whose terms

⁴ Item 2 of Direction of the Bank of Russia No. 3565-U of February 16, 2015 on Types of Financial Derivatives, registered by the Ministry of Justice of the Russian Federation on March 27, 2015 under No. 36575 (hereinafter - Direction of the Bank of Russia No. 3565-U of February 16, 2015).

⁵ Part 2 of Article 23 of Federal Law No. 225-FZ of July 27, 2010 on Compulsory insurance of hazardous facilities for Inflicting Damage as a Result of an Accident at the Hazardous Facility (hereinafter - the Federal Law on Compulsory insurance of hazardous facilities), Part 3 of Article 24 of Federal Law No. 67-FZ of June 14, 2012 on Compulsory carriers' liability insurance for Damage to Life, Health or Property of Passenger and on the Procedure for Indemnification of Such Damage Inflicted During Passenger Carriage by Metro (hereinafter - the Federal Law on Compulsory carriers' liability insurance for Damage to Life, Health or Property of Passenger and on the Procedure for Indemnification of Such Damage Inflicted During Passenger Carriage by Metro), Part 4 of Article 10 of Federal Law No. 260-FZ of July 25, 2011 on the State Support in the Field of Agricultural Insurance and on Amending the Federal Law on the Development of Agriculture (hereinafter - the Federal Law on State Support in the Sphere of Agricultural Insurance and on Amending the Federal Law on Development of Agriculture), Item 3 of Article 21 1 of Federal Law No. 40-FZ of April 25, 2002 on Compulsory motor third parties liability insurance (hereinafter - the Federal Law on Compulsory motor third parties liability insurance).

envisage⁶:

absence of the right of the broker to use the funds of the insurance company in its interests;

accounting of funds received from the insurance company on the special account separately from the account where funds of other customers of the broker are kept, opened in such credit institution having the credit rating not lower than the level set by the Board of Directors of the Bank of Russia in accordance with Item 17.5 of Article 18 of Federal Law No. 86-FZ of July 10, 2002 on the Central Bank of the Russian Federation (the Bank of Russia) (hereinafter, respectively - the Federal Law on the Central Bank of the Russian Federation (the Bank of Russia), the level set by the Board of Directors of the Bank of Russia, the obligor).

In these Regulations, the Lloyd's syndicates are accounted as one legal entity.

2.7. The total amount of assets of a mutual insurance company falling upon each person obliged to the mutual insurance company shall be calculated as the total value of the securities issued by such person and owned by the mutual insurance company, securities, on which the fulfillment of liabilities is secured by a surety (independent guarantee) of such person, the rights to claim to such person (including the rights to claim from bank account (deposit) agreements, rights to claim related to the return of securities and funds on the second part of the repo, share of the reinsurer in the insurance reserves), excluding:

the rights to claim to the obligor which is the reinsurer, as related to the insurance payment under the outward reinsurance contract on the insured events declared to the mutual insurance company before the calculation date;

share of the national reinsurance company established on the basis of Article 13.1 of the Law of the Russian Federation on Organisation of the Insurance Business in the Russian Federation (hereinafter - the national reinsurance company) in the insurance reserves of the mutual insurance company;

the assets, on which the Russian Federation is the obligor to the mutual insurance company;

debt of the person having the status of a central depository in accordance with Article 22 of Federal Law No. 414-FZ of December 7, 2011 on the Central Depository (hereinafter - the central depository), a qualified central counterparty (hereinafter, respectively - the central counterparty, jointly referred to as the infrastructure company), if such debt is caused by carrying out by the infrastructure company of transactions during redemption of securities or carrying out of transactions with them.

The amount of the rights to claim to the obligor which is the reinsurer, as related to the insurance payment under the outward reinsurance contract, if the insurance payment on the direct contract is expected after the calculation date (RPO) shall be calculated by the formula:

$$RPO = DZNU^{BE} + \frac{DZNU^{BE}}{SPRU^{BE}} \times KRNU$$

where:

$DZNU^{BE}$ - sum of the cash flows discounted for the period of the term of the cash flow defined in accordance with paragraphs 15 and 16 of Subitem 5.3.14 of Item 5.3 of these Regulations (hereinafter - the best estimate of the current value of the cash flows) including the cash flows on the insurance payments under the outward reinsurance contract and on the reinstatement premium, and included in the forecast of the cash flows under the outward reinsurance contract formed in accordance with Subitem 5.6.1 of Item 5.6 of these Regulations, weighted by the probability of the cash flow realisation;

$SPRU^{BE}$, $KRNU$ - auxiliary values calculated according to paragraph 2 of Subitem 5.6.3

⁶ Item 3 of Article 3 of the Federal Law on Securities Market.

of Item 5.6 of these Regulations under the outward reinsurance contract on the reference group where the direct contract according to which the insured event is declared, belongs.

2.8. The total value of assets of the mutual insurance company where the insurance reserves are invested shall be not lower than the sum of the following values:

the product of coefficient 1.43 and the total value of the insurance reserves of the mutual insurance company;

value of liabilities of the mutual insurance company, except for the liabilities from the insurance contracts in the amount of insurance reserves;

amounts of exceedance of the total amount of assets of the mutual insurance company falling on each obligor, except for the obligor cited in paragraph 6 of this Item, over the product of the total amount of assets of the mutual insurance company and the concentration coefficient cited in table 9 of Annex 2 to these Regulations;

amounts of exceedance of the value of all real estate units owned by the mutual insurance company, over the amount equal to 25 percent of the total amount of assets of the mutual insurance company;

amounts of exceedance of the total amount of assets of the mutual insurance company falling on each obligor which is the reinsurer, with which the reinsurance contracts are concluded and which is established in accordance with the legislation of the OECD member state having the credit quality group defined in accordance with Subitem 6.5.2.2 of Item 6.5 of these Regulations with the value from 1 to 6, over the 50 percent of the total value of the insurance reserves of the mutual insurance company;

amounts of exceedance of the total amount of assets of the mutual insurance company falling upon all reinsurers obliged to the mutual insurance company, with which the outward reinsurance contracts are concluded, over the 60 percent of the total value of the insurance reserves of the mutual insurance company.

Chapter 3. Calculation of the Value of Assets of the Insurance Company

3.1. Value of the following assets of the insurance company meeting at least one of the following criteria shall be deemed zero:

3.1.1. assets and units of investment funds, if the information on assets where the assets of the investment fund are invested is not disclosed, except for the shares and units of the investment funds meeting all of the following conditions:

shares and units of the investment fund can be purchased by general public;

share of securities of one legal entity in the investment fund does not exceed 10 percent of the value of assets of the investment fund, proceeding from the requirements for the activities of the investment fund or of the documents regulating the investment activities of the investment fund (including the investment policy statement, prospectus of issuance and rules for trust management);

3.1.2. shares, goods, shares and units of foreign investment funds, except for:

those admitted to organised trade (or included in the quotation lists) on the stock exchanges of the Russian Federation or the stock exchanges located in foreign states being the members of the EEU, OECD, the European Union, in China, India, Brazil, the Republic of South Africa and included in the list of foreign stock exchanges envisaged by Item 4 of Article 51.1 of the Federal Law on the Securities Market;

refined gold in standard and weighted bullion bars, on condition of its accounting on metal custody accounts in the credit institution in the Russian Federation;

3.1.3. shares of a Russian or a foreign issuer, in whose authorised capital the insurance company has the interest exceeding 10 percent;

3.1.4. shares of a Russian or a foreign issuer being the parent of the insurance company;

3.1.5. interest or other participation in the authorised capital of legal entities not being joint stock companies (interest or other participation in the authorised capitals of foreign companies);

3.1.6. investment units of interval unit funds, except for those, whose rules for trust management envisage the possibility of redemption of the investment units during a year and which publish the information on the net assets value of the fund on the official website of the asset management company on a daily basis as of the previous business day, and such information is available on the website for not less than three months from the day of the publication;

3.1.7. investment units of closed-end unit funds;

3.1.8. bonds, except for state securities of the Russian Federation or bonds, the credit rating of whose issue or credit rating of whose issuer, or credit rating of the surety (guarantor) - in case of absence of the issue - is not lower than the level set by the Board of Directors of the Bank of Russia (hereinafter - bonds with a credit rating), if the following conditions are met:

the surety (independent guarantee) is issued for the full amount of the liability (also considering the interest and the coupons) or the guarantee is a state one issued in accordance with the budget legislation of the Russian Federation and securing fulfillment of liabilities for the amount of their nominal value;

the independent guarantee does not allow for its recall;

the validity of the surety (independent guarantee) exceeds the maturity of the liability for not less than 60 business days;

the term for fulfillment by the surety (guarantor) of the liabilities to the beneficiary does not exceed 30 business days from the day of receipt of the demand for execution of the surety contract (payment of the guarantee amount);

3.1.9. subordinated deposits and borrowings, except for subordinated bonded loans which meet all of the following requirements:

are issued in accordance with Article 25.1 of the Federal Law on Banks and Banking Activities (as amended by Federal Law No. 17-FZ of February 3, 1996);

are convertible into ordinary shares falling under the exception envisaged in Subitem 3.1.2 of this Item;

have the credit rating of their issue and, in case of its absence - the credit rating of the issuer or the credit rating of the surety (guarantor) which issued the surety (independent guarantee) meeting the conditions of Subitem 3.1.8 of this Item, not lower than the level set by the Board of Directors of the Bank of Russia;

are accounted within the assets at calculation of the standard ratio of own funds (capital) and the accepted obligations of the insurance company as of July 1, 2021;

3.1.10. mortgage participation certificates;

3.1.11. promissory notes;

3.1.12. claim rights, excluding:

3.1.12.1. rights to claim on the monetary liability, except for rights to claim from the reinsurer formed due to the conclusion, amendment or termination, including early one, of insurance and outward reinsurance contracts, on which the debtor or surety (guarantor) which issued the surety (independent guarantee) meeting the conditions cited in Subitem 3.1.8 of this Item has the credit rating not lower than the level set by the Board of Directors of the Bank of Russia;

3.1.12.2. rights to claim from infrastructure companies, if the debt is caused by carrying out by the infrastructure company of operations in the course of redemption of securities or transactions with them;

3.1.12.3. rights to claim from the central depository and the person executing functions of a central counterparty;

3.1.12.4. rights to claim on the monetary liability to the broker not being a credit

institution, under the brokerage servicing agreement whose terms envisage⁷:

absence of the right of the broker to use funds of the insurance company in its interests;

funds received from the insurance company are recognised on the special account separate from that where funds of other customers of the broker are kept, which is opened in the credit institution having the credit rating not lower than the level set by the Board of Directors of the Bank of Russia or being the central depository or the central counterparty;

3.1.12.5. rights to claim from the depository having the licence for the activities of a central depository of investment funds, unit funds and non-state pension funds, on payments on the securities with the maturity not exceeding the term set by Item 4 of Article 8 7 of the Federal Law on the Securities Market;

3.1.12.6. rights to claim under the repo, if the counterparty on the repo or the surety (guarantor) on the repo which issued the surety (independent guarantee) meeting the conditions cited in Subitem 3.1.8 of this Item, has the credit rating not lower than the level set by the Board of Directors of the Bank of Russia, or the subject of the repo is the shares falling under the exception envisaged by Subitem 3.1.2 of this Item, or bonds with a credit rating;

3.1.12.7. rights to claim on liabilities of insurance agents and insurance (reinsurance) brokers related to remittance of insurance premiums (insurance fees) under the insurance contracts, if the terms of the contract concluded by the insurance company with such agent (broker)⁸ envisage that the insurance premium (insurance fees) is (are) subject to remittance to the insurance company within the period cited in table 10 of Annex 2 to these Regulations, and the term for payment of the insurance premium (insurance fees) under the insurance contract is due before the calculation date, or the upper bound of such contract precedes the calculation date;

3.1.12.8. rights to claim on liabilities of the insurant who is an individual, related to the repayment of the loan received in case of insurance of personal insurance objects envisaged by Item 1 of Article 4 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation, if the following conditions are met simultaneously:

the amount of the rights to claim does not exceed the non-negative best estimate of the present value of all cash flows included in the cash flow forecast (except for the cash flows cited in Subitem 5.3.7 of Item 5.3 of these Regulations), related to the fulfillment of the liabilities accounted in the calculation of the premium reserve, to the latest expected date of complete settlement of the insurance contract;

the insurance contract is concluded for not less than 5 years;

the insurance contract contains a condition of decrease of the insurance payment by the amount of the loan, if the latter is not fully repaid as of the date of making of the insurance payment;

cash flows from exercise of the rights to claim shall not be accounted in the cash flow forecast prepared for calculation of insurance reserves in accordance with Chapter 5 of these Regulations;

3.1.12.9. rights to claim to the reinsurer having the credit rating not lower than that established by the Board of Directors of the Bank of Russia, or being the resident of the Russian Federation or the member states of the Union State of the Russian Federation and the Republic of Belarus, with the participation interest in the capital of the reinsurer being 100 percent, arising due to the conclusion, amendment or termination, including the early one, of insurance and outward insurance contracts and under the insurance contracts cited in paragraph 2 of Subitem 3.1.12.13 of this Item;

3.1.12.10. rights to claim from the insurance company:

⁷ Item 3 of Article 3 of the Federal Law on the Securities Market.

⁸ Item 1, paragraph 2 of Item 3, Item 6 of Article 8 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation.

the settlements on which are made under the agreement of direct claim settlement envisaged by Article 26.1 of the Federal Law on Compulsory motor third parties liability insurance (hereinafter - the agreement in direct claim settlement);

the settlements on which are made under the reinsurance pool agreements envisaged by Article 24 of the Federal Law on the Compulsory carriers' liability insurance for Infliction of Damage to Life, Health or Property of Passengers and on the Procedure for Settlement of such Damage Inflicted in Case of Transportation of Passengers by Metro and Article 23 of the Federal Law on the Compulsory insurance of hazardous facilities for Infliction of Damage as a Result of an Accident at such Facility, Article 21.1, of the Federal Law on Compulsory motor third parties liability insurance (hereinafter jointly referred to as the reinsurance pool agreements on compulsory types of insurance);

regulated by the rules of professional activities of the professional association of insurers established in accordance with the Federal Law on the Compulsory motor third parties liability insurance (hereinafter - the professional association of insurers) developed in accordance with Item 1 of Article 26 of the Federal Law on the Compulsory motor third parties liability insurance and aimed at the settlement of the relations arising in case of the exercise by the insurer which is the member of the professional association of insurers of the right to claim which was transferred to it and which the insured (beneficiary) had to the person responsible for the claims settled as a result of the insurance (hereinafter - the rules of professional activities);

based on the subrogation or recourse and recognised by the court, if not more than 10 business days have passed from the day of the entry into force of the court decision;

3.1.12.11. rights to claim the return of the insurance fees on the compulsory social insurance against industrial accidents and professional diseases, excessively paid (charged), if the legislation of the Russian Federation on compulsory medical insurance envisages the possibility of their return in monetary form;

3.1.12.12. rights to claim on a fixed-term transaction;

3.1.12.13. share of the reinsurers in the insurance reserves, in case of meeting of one of the following conditions:

the direct contracts belong to the contracts of insurance of civil liability for loss and damage inflicted by radiation, and the outward reinsurance contracts are concluded within the nuclear risk insurance pools, on condition of joint responsibility of the pool participants accepting such risks;

the reinsurer is a resident of the Russian Federation or the member state of the Union State of the Russian Federation and the Republic of Belarus with the participation interest in the capital of the reinsurer being 100 percent;

the credit rating of the reinsurer is not lower than the level set by the Board of Directors of the Bank of Russia;

3.1.12.14. rights to claim from the professional association of insurers and from the professional associations of insurers established in accordance with Article 20 of the Federal Law on the Compulsory Carriers Liability Insurance for Infliction of Damage to Life, Health or Property of Passengers and on the Procedure for Settlement of such Damage Inflicted in Case of Transportation of Passengers by Metro and Article 17 of the Federal Law on the Compulsory insurance of hazardous facilities for Infliction of Damage as a Result of an Accident at Such Facility;

3.1.13. rights to claim as related to repayment of the overdue debt, except for the rights to claim on fixed-term transactions, except for those, to which Item 3.3 of these Regulations shall not be applied in accordance with paragraph 4-13 of Item 3.3 of these Regulations. If the contract does not specify the maturity of the liability⁹ - the rights to claim whose date of forming is earlier than 90 calendar days from the calculation date, except for the rights to

⁹ Item 2 of Article 314 of the Civil Code of the Russian Federation.

claim in the part secured by the state guarantee issued in accordance with the budgetary legislation of the Russian Federation, the rights to claim on monetary liabilities under the bank account agreement and the rights to claim cited in Subitems 3.1.12.9-3.1.12.11, 3.1.12.13, 3.1.12.14 of this Item;

3.1.14. rights to claim, including those on securities, except for the rights to claim on fixed-term transactions and excluding those, to which Item 3.3 of these Regulations shall not be applied in accordance with paragraphs 4-13 of Item 3.3 of these Regulations, from the person which meet one of the following criteria:

the person has a liability to the holders of the securities issued by such person, not fulfilled timely and fully;

the licence of the person for banking transactions or for the activities in the financial market is recalled (cancelled), if such type of activities is the core type of activities of such person represented in the unified state register of legal entities, or the information on the person is excluded from the register of non-credit financial institutions kept by the Bank of Russia;

the bankruptcy proceeding are initiated in respect of the person in accordance with the legislation of the Russian Federation on insolvency (bankruptcy);

the person has a liability under the surety (independent guarantee) agreement which secures fulfillment of liabilities on securities, not fulfilled fully and timely;

3.1.15. rights to claim on the monetary liability under the bank account (deposit) agreement, if such insurance company shall account and/or store in the specialised depository the securities accepted for coverage of its own funds (capital) and the insurance reserves in accordance with Item 1 of Article 26.2 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation, and has not provided the receipt by the specialised depository of a copy of the primary records confirming the amount of such rights to claim, as of the calculation date;

3.1.16. payments made by the insurance company in accordance with the contract concluded for rendering to the insured persons of healthcare services under the insurance contracts, except for advance payments to healthcare or health resort institutions included in the register of health resort institutions (of state, municipal and private healthcare systems), where the vouchers for health resort treatment are granted, if there are medical indications, for prevention of prior diseases of people having the right to the state social support¹⁰ (hereinafter - the list of health resort institutions);

3.1.17. advance payments on taxes and debt of budgets on taxes and duties made by the insurance company, unless the possibility of their repayment in monetary form is envisaged;

3.1.18. deferred tax assets;

3.1.19. objects, including cash in the cash register, except for the real estate cited in Item 3.6 of these Regulations, goods falling under the exception cited in Subitem 3.1.2 of this Item, certificated bonds and shares;

3.1.20. rights to use under the lease agreement recognised in accordance with Regulations of the Bank of Russia No. 635-P of March 22, 2018 On the Procedure for Recording on the Bookkeeping Accounts of Lease Contracts by Non-Credit Financial Organisations, registered by the Ministry of Justice of the Russian Federation on April 16, 2018 under No. 50781, on October 8, 2020 under No. 60303, and on October 14, 2020 under No. 60389 (hereinafter - Regulations of the Bank of Russia No. 635-P);

¹⁰ Order of the Ministry of Labour and Social Protection of the Russian Federation No. 301n, Order of the Ministry of Health of the Russian Federation No. 449n of July 10, 2013 on the Approval of the List of Health Resort Institutions (of State, Municipal and Private Healthcare Systems), where the vouchers for health resort treatment are granted, if there are medical indications, for prevention of prior diseases of people having the right to the state social support, registered by the Ministry of Justice of the Russian Federation on August 5, 2013 under No. 29269.

3.1.21. assets referred to the category of intangible ones according to the accounting data;

3.1.22. assets arrested, encumbered or being under the injunctive remedies impeding the alienation of the property, except for the rights to claim on fixed-term transactions and excluding those, to which Item 3.3 of these Regulations shall not be applied in accordance with paragraphs 4-13 of Item 3.3 of these Regulations;

3.1.23. foreign financial instruments not qualified as securities in accordance with Direction of the Bank of Russia No. 4561-U of October 3, 2017 on the Procedure for Qualifying Foreign Financial Instruments as Securities, registered by the Ministry of Justice of the Russian Federation on April 3, 2018 under No. 50596 and on October 9, 2018 under No. 52367;

3.1.24. assets being digital financial assets or digital currency;

3.1.25. assets, the list of which is established by the insurance company in the internal document, except for the rights to claim on fixed-term transactions;

3.1.26. bonds which, according to Article 27.5-7 of the Federal Law on the Securities Market are those with the maturity not defined in the decision on their issuance (hereinafter - bonds without maturity), excluding the bonds without maturity, the decision on whose issuance does not envisage the right of their issuer to unilateral refusal of payment of interest on them.

3.2. Value of the bank depositor whose terms envisage the return of the deposit within not more than 5 business days from the date of presentation of the claim shall be defined in the amount of the sum of the deposit and the interest income to be gained in case of such return of the deposit under the bank deposit agreement.

3.3. The value of the option agreement under which the insurance company has the right to demand purchase or sale of the underlying asset from the counterparty¹¹ shall be taken equal to zero.

Value of one fixed-term transaction shall be taken equal to the negative value of the total value of subjects of the fixed-term transaction calculated at the fair value in compliance with IFRS 13 and the internal document.

Fixed-term transactions, on which clearing is carried out shall be recognised in the amount of the open position adjusted by the clearing results.

Provisions of this Item shall not be applicable to fixed-term transactions, if the following conditions are met simultaneously:

the counterparty or the surety (guarantor) on the fixed-term transaction which issued the surety (independent guarantee) complying with the conditions of Subitem 3.1.8 of Item 3.1 of these Regulations has the credit rating not lower than the level set by the Board of Directors of the Bank of Russia, or the counterparty is the central counterparty;

the subject of the fixed-term transaction is:

shares, goods, and shares and units of foreign investment funds falling under the exception envisaged in Subitem 3.1.2 of Item 3.1 of these Regulations;

bonds with the credit rating, except for subordinated bonded loans;

interest rates;

level of inflation;

currency exchange rates;

index calculated proceeding from the change of the amount (value) of the assets listed above;

occurrence of the event proving the fulfillment and/or non-fulfillment (undue fulfillment) of liabilities by third parties having the credit rating not lower than the level set by the decision of the Board of Directors of the Bank of Russia.

3.4. Value of the assets as related to the exception and the case cited in Subitems

¹¹ Item 2 of Direction of the Bank of Russia No. 3565-U of February 16, 2015.

3.1.16 and 3.1.17 of Item 3.1 of these Regulations, correspondingly, shall be taken equal to their value by the accounting data of the insurance company without accounting the impairment reserve.

3.5. Value of the real estate unit, in the case when the value of the rights to claim of the insurance company on the transaction cited in 1.4.3 of Item 1.4 of these Regulations is less than the value of such real estate unit, shall be deemed equal to the value of the rights to claim of the insurance company on the transaction cited in Subitem 1.4.3 of Item 1.4 of these Regulations calculated by the accounting data.

3.6. Value of the commissioned premises, buildings, land plots (lease rights to the land plots) where the buildings are located, single real estate complexes including the buildings, the title of the insurance company to which shall be registered in accordance with the legislation of the Russian Federation on registration of title to real estate and the transactions therewith, shall be defined on the basis of the valuer's report on evaluation of the market value of the real estate unit (lease rights to the land plots) drawn up in accordance with Federal Law No. 135-FZ of July 29, 1998 on Evaluation Activity in the Russian Federation (hereinafter, respectively - the Federal Law on the Evaluation Activities in the Russian Federation, the valuer's report).

3.7. Value of the bonds, on which the payments (part of payments) are established in the form of a formula with variables and/or depend on the change of the value of assets (excluding shares, goods, shares and units of foreign investment funds falling under the exceptions envisaged in Subitem 3.1.2 of Item 3.1 of these Regulations, bonds with a credit rating, interest rates, inflation level, exchange rates of currencies or indexes calculated proceeding from the change of their amount or value) or on fulfillment of liabilities by third parties (except for the third parties having the credit rating not lower than the level set by the decision of the Board of Directors of the Bank of Russia), excluding the subordinated bonded loans cited in Subitem 3.1.9 of Item 3.1 of these Regulations, shall be defined as the minimum possible amount payable on such bond according to the conditions of its issuance.

3.8. Value of shares of the reinsurers in the insurance reserves shall be defined in accordance with Item 5.6 of these Regulations.

3.9. Value of the assets not defined in accordance with Items 3.1-3.8 of these Regulations shall be calculated at the fair value in compliance with IFRS 13 and the internal document.

Value of the rights to claim formed in relation to the advance payments of the insurance company under the outward reinsurance contract, if such contract is not recognised before the calculation date, inclusively, according to Subitem 5.1.11 of Item 5.1 of these Regulations, shall not exceed the amount of liabilities of the insurance company under the direct contract.

Value of the rights to claim cited in Subitem 3.1.12.9 of Item 3.1 of these Regulations, as related to claims for the insurance payment, including the settlement costs under the direct contract, shall be defined in the amount not exceeding that confirmed by the reinsurer.

The methods used for calculation of the value of assets in accordance with this Item shall correspond with those applied for calculation of the value of assets for the purpose of accounting, if the fair value is used in the accounting for estimation of the value of such assets.

3.10. Value of the assets, including that calculated on the basis of the valuer's report, shall be calculated without consideration of the taxes payable in accordance with the Tax Code of the Russian Federation or the legislation of the foreign state.

3.11. Calculation of the value of an asset on the basis of the valuer's report in the amount more than zero shall be allowed on condition that:

the evaluation agreement is concluded for calculation of the value of such asset, the party to which is the legal entity with which the insurance company has not concluded other agreements, apart from the evaluation agreements, which concluded agreements for evaluation of real estate as of the date of the evaluation every year during the last 10 years

and whose revenue for the previous calendar year from the evaluation agreements was not less than 100 million rubles;

the evaluation is conducted by the valuer to which no disciplinary measures envisaged by the Federal Law on Evaluation Activities in the Russian Federation and internal documents of self-regulating organisations of valuers were applied by the self-regulated organisation of valuers as of the date of drawing up of the report for two or more times during two years, and whose record of evaluation activities is not less than three years;

the date of calculation of the real estate value is not earlier than 14 months prior to the date as of which the asset value is to be calculated;

the date of calculation of value of other property, excluding real estate, is not earlier than three months prior to the date as of which the asset value is to be calculated;

the value of the asset is calculated on the basis of the valuer's report available as of the date of its calculation, with the date of evaluation of the subject being the closest to the date of calculation of the value of the asset.

Chapter 4. Calculation of the Value of Liabilities of the Insurance Company

4.1. Value of liabilities of the insurance company shall be calculated as of the calculation date on the basis of the accounting data of the insurance company, excluding the cases envisaged by Items 4.2-4.6 of these Regulations.

4.2. Value of the liability of the insurance company under the lease agreement recognised in accordance with Regulations of the Bank of Russia No. 635-P shall be defined in the amount of the exceedance of the amount of the liability of the insurance company over the value of the assets of the insurance company in the form of the rights to use under said lease agreement.

4.3. Value of liabilities of the insurance company from insurance and outward reinsurance contracts shall be defined in the amount of:

values of the monetary flows cited in paragraphs 2 and 4 - 7 of Subitem 5.3.7 of Item 5.3 and paragraphs 2 and 5 - 9 of Subitem 5.6.5 of Item 5.6 of these Regulations calculated at the fair value in accordance with IFRS 13;

value of the insurance reserves calculated in accordance with Chapter 5 of these Regulations minus the amount of ENP calculated in accordance with Item 1 of Annex 5 to these Regulations (hereinafter - the auxiliary amount ENP).

4.4. Amount of the deferred tax liability (VONO) shall be calculated as per the formula:

$$VONO = \max\left(\max\left(ONO_{korr}, 0\right) - \max\left(n \times \left(SO_{reg} - \left(SO_{otch} - OAR_{otch} + OAD_{otch}\right)\right), 0\right), 0\right),$$

where:

ONO_{korr} - amount of the deferred tax liability according to the accounting data (for insurance companies providing non-life insurance); amount of the deferred tax liability decreased by the deferred tax asset on deductible temporary differences, if the changes in assets and liabilities which entailed the formation of such deferred tax assets and deferred tax liabilities shall be accounted when calculating the tax base on the income tax (for insurance companies providing life insurance). Amounts of the deferred tax liability and the deferred tax asset on deductible temporary differences for the insurance companies providing life insurance shall be defined in accordance with Regulations of the Bank of Russia No. 490-P of September 4, 2015 Industry-Specific Standard for Accounting of Deferred Tax Liabilities and Deferred Tax Assets by Non-Credit Financial Institutions, registered by the Ministry of Justice of the Russian Federation on September 21, 2015, registration No. 38942, with the amendments made by Direction of the Bank of Russia No. 4220-U of November 28, 2016 (Registered by the Ministry of Justice of the Russian Federation on December 21, 2016, registration No. 44852), on the basis of the data contained in the accounting registers,

disregarding the data on the assets whose value is acknowledged as zero in accordance with Item 3.1 of these Regulations, and on the assets and liabilities not accounted when calculating the amount of own funds of the insurance company on the basis of Items 1.2 and 1.3 of these Regulations, correspondingly;

SO_{reg} - liabilities of the insurance company from the insurance contracts in the value of the insurance reserves formed in accordance with Chapter 5 of these Regulations, decreased by the share of the reinsurers in the premium reserve (loss reserve, reserve for direct claims settlement) accounted when calculating the standard amount of the solvency margin according to Item 6.3 of these Regulations;

SO_{otch} - sum of reserve estimations on the non-life insurance, considering the estimations of future receipts on subrogation, recourse claims, income from sale of salvage material, life insurance reserves, liabilities under the contracts classified as investment or service ones, according to the accounting data, decreased by the share of the reinsurers (retrocessionaires) in the insurance reserves by the accounting data;

OAR_{otch} - amount of the deferred acquisition costs by the accounting data;

OAD_{otch} - amount of the deferred acquisition income by the accounting data;

n - tax rate on the income tax established by paragraph 1 of Item 1, Article 284 of the Tax Code of the Russian Federation.

4.5. Total value of non-credit liabilities, including those on the sureties and independent guarantees issued by the insurance company, whose analytical accounting is kept on off-balance sheet sub-ledger accounts in accordance with the chart of account for bookkeeping in non-credit financial institutions shall be defined in the amount of the responsibility (limit of liabilities) of the insurance company.

4.6. Value of the liabilities formed as a result of conclusion by the insurance company of fixed-term transactions meeting all the conditions envisaged by paragraphs 5 - 13 of Item 3.3 of these Regulations simultaneously shall be calculated as the fair value in accordance with IFRS 13 and the internal document.

In other cases, the value of the liabilities formed as a result of conclusion by the insurance company of fixed-term transactions shall be taken equal to the total fair value of subjects of the fixed-term transaction calculated with the use of the internal document, in accordance with IFRS 13.

Chapter 5. Rules for the Formation of the Insurance Reserves

5.1. When forming the insurance reserves, the insurer shall use the following concepts defining the methods of the insurance reserve calculation.

5.1.1. The insurer shall calculate the insurance reserves and the share of the reinsurers in them on the basis of the actuarial calculations by the actuary and, if such calculation is made due to the obligatory actuarial assessment of activities of the insurance company - on the basis of the actuarial calculations by the responsible actuary (hereinafter jointly referred to as the actuary).

The insurance reserves and the share of the reinsurers in them shall be calculated in accordance with the insurance and outward reinsurance contracts, these Regulations and the regulations on forming of the insurance reserves worked out and approved by the insurer in accordance with these Regulations, and with consideration of the data of the reporting provided by the insurer to the Bank of Russia, as well as the information of the registers cited in Subitem 5.9.1 of Item 5.9 of these Regulations (hereinafter - the observed statistics of the insurer).

5.1.2. For calculation of the insurance reserves, the insurance contracts shall be distributed by the insurer by the reference groups cited in Subitems 5.1.3 and 5.1.4 of this Item, depending on the insurance risks envisaged by the insurance contract.

5.1.3. Reference groups of the non-life insurance shall include:

reference group 1 "Medical insurance" - insurance contracts of the type "medical insurance", excluding those belonging to reference group 16;

reference group 2.1 "Personal accident insurance" - insurance contracts of the type "personal accident insurance", except for the contracts belonging to reference groups 2.2 and 16;

reference group 2.2 "Compulsory state insurance of the military servants and the equated persons" - contracts of compulsory state insurance provided in accordance with Federal Law No. 52-FZ of March 28, 1998 on the Compulsory State Insurance of the Life and Health of Military Servicemen, Citizens Drafted to Undergo Military Training Sessions, Rank and File and Commanding Staff of Internal Affairs Bodies of the Russian Federation, of the State Fire-Fighting Service, Members of Personnel of Institutions and Bodies of Criminal Execution System;

reference group 3 "Compulsory motor third parties liability insurance" - contracts of compulsory motor third parties liability insurance ;

reference group 4 "Motor third parties liability insurance within the international insurance systems" - contracts of motor third parties liability insurance in the Russian Federation within international systems of motor third parties liability insurance whose participant is the professional association of insurers acting in accordance with Article 31 of the Federal Law on the Compulsory motor third parties liability insurance (hereinafter - the "Green card" international insurance system);

reference group 5 "Compulsory carriers' liability insurance" - contracts of compulsory carriers' liability insurance for infliction of damage to life, health or property of passengers during their transportation;

reference group 6 "Other motor third parties liability insurance" - insurance contracts of the types "motor third parties liability insurance", "liability of rolling stock owners insurance", except for the contracts belonging to reference group 4;

reference group 7 "Motor hull insurance" - insurance contracts of the types "motor hull insurance", "insurance of rolling stock";

reference group 8 "Insurance of air and water transport, including insurance of liability of its owners and cargo insurance" - insurance contracts of the types "insurance of air transport vehicles", "insurance of water transport vehicles", "cargo insurance", "insurance of civil liability of air transport owners", "insurance of civil liability of water transport owners";

reference group 9 "Agricultural insurance with the state support" - contracts of agricultural insurance with the state support;

reference group 10 "Property insurance" - property insurance contracts, except for those belonging to reference groups 7-9;

reference group 11 "Compulsory insurance of hazardous facilities" - contracts of compulsory insurance of hazardous facilities for infliction of damage as a result of an accident at the hazardous facility;

reference group 12 "Insurance of civil liability of the developer" - contracts of insurance of liability of the developer for non-fulfillment or undue fulfillment of the obligations of delivery of the shared construction project to the stated construction participant under the shared construction agreement;

reference group 13 "Travel operators liability insurance" - contracts of insurance of liability for non-fulfillment by the travel company of the obligations under the travel product sale contract;

reference group 14 "Other liability insurance" - contracts of insurance of liability for infliction of damage and agreements of insurance of liability under the contract, excluding the contracts belonging to reference groups 3-6, 8, 11-13;

reference group 15 "Financial and entrepreneurship risks insurance" - contracts of insurance of financial risks and agreements of insurance of entrepreneurship risks;

reference group 16 "Insurance of persons traveling outside the permanent residence" - contracts of insurance of individuals for the time of traveling outside the settlement of their permanent residence, covering at least one of the risks - death and damage to health, and/or envisaging compensation of expenses for healthcare services, medical transport and other;

reference group 17 "Inward reinsurance, except for proportional reinsurance contracts" - inward reinsurance contracts, except for the reinsurance contracts, according to whose terms, making by the insurance company of the insurance payment under the direct insurance contract would lead to the obligation of the reinsurer to reimburse the predetermined share in such insurance payment (hereinafter - proportional reinsurance contracts).

5.1.4. Reference groups of life insurance shall include:

reference group 18 "Universal life insurance" - agreements of insurance of property interests related to survival of individuals to particular age or time, also including insurance of property interests related to death of such individuals before said age (time) and not envisaging any additional payments above the insured amount, to which the beneficiary is entitled according to the terms of such contract¹², depending on the change of the indicator (including value of the asset, value of the index) defined in accordance with the terms of such contract (hereinafter - additional payments), excluding the insurance contracts belonging to reference group 20;

reference group 19 "Investment life insurance" - contracts of insurance of property interests related to the survival of individuals to particular age or time, also including insurance of the property interests related to death of such individuals prior to the age (time), envisaging additional payments;

reference group 20 "Pension insurance" - insurance contracts of the types "life insurance with the condition of periodical insurance payments (rent, annuities)", "pension insurance", except for the insurance contracts envisaging additional payments;

reference group 21 "Other life insurance" - life insurance contracts, except for the insurance contracts belonging to reference groups 18-20, and contracts of inward reinsurance of life insurance contracts.

5.1.5. Contracts of inward proportional reinsurance of the non-life insurance contracts shall belong to the same reference groups as the corresponding direct insurance contracts.

5.1.6. Upon decision of the insurer, reference groups cited in Subitem 5.1.3 of this Item shall be divided into additional reference groups on the basis of the mathematical model of dividing of contracts of the reference group by additional reference groups, developed by the actuary for more accuracy of forming of insurance reserves by the insurer (hereinafter - the division model). The insurance reserves for the additional reference group shall be calculated in the same way as the insurance reserves for the reference groups.

The division model shall be applied by the insurer from the calculation date following the end of the calendar quarter following the date of development of the model.

The insurer shall apply the division model, if:

5.1.6.1. only the observed statistics of the insurer was used for calibration of the division model, excluding the observed statistics for 12 months preceding the date of the model development;

5.1.6.2. contracts included in each additional reference group, except for one (residual) additional reference group, contain the same combination of insurance risks;

5.1.6.3. for distribution of contracts by additional reference groups, the division model shall only use the information known to the insurer as of the date of conclusion of the insurance contract;

5.1.6.4. as of the last day of three of the four quarters preceding the date of the model development, the following inequation is true:

¹² Paragraphs 2 and 4 of Item 3 of Article 3, Subitem 3 of Item 1 of Article 32 9 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation.

$$\sum_m DPU^F(m, l) \geq \sum_{i \leq N+l} PV_l(\Delta W(i, j)) +$$

$$+ \sum_{q=-1}^l \sum_{i+j-1=N+q+1 \text{ and } i \leq N+l} PV_l(x(i, j)) - x(i, j-1)$$

where:

l - index of the quarter (-1 - for the quarter preceding the date of the division model development, -2 - for the quarter preceding the date of the division model development by 2 quarters and so on). If the date of the division model development falls upon the end of the quarter, the date of end of the first quarter preceding the date of the division model development shall be taken equal to the date of the model development;

m - additional reference group within the reference group;

N - number of the quarters, for which the data on insurance payments are considered;

$DPU^F(m, l)$ - amount calculated in accordance with Annex 3 to these Regulations on the additional reference group m as of the end of quarter l ;

$x(i, j)$ - auxiliary value calculated by the formula:

$$x(i, j) = \sum_m x(i, j)(m)$$

where:

$x(i, 0) = 0$;

$x(i, j)(m)$ - cash flows calculated as of the last day of the quarter following the date of the division model development, on the additional reference group m in accordance with Annex 3 to these Regulations;

i, j - indicators defined in accordance with paragraph 7 of Item 1 of Annex 3 to these Regulations;

$\Delta W(i, j)$ - auxiliary value calculated by the formula:

$$\Delta W(i, j) = \sum_m \Delta W(i, j)(m)$$

where:

$\Delta W(i, j), m$ - cash flows calculated as of the last day of the quarter following the date of the division model development, on the additional reference group m in accordance with Annex 3 to these Regulations;

$PV_l(x(i, j)) - x(i, j-1), PV_l(\Delta W(i, j))$ - the present value of the cash flows as of the end of quarter.

5.1.7. Insurance reserves, except for the equalisation reserve, shall be formed by the insurer separately on each, including additional, reference group. The equalisation reserve shall be formed by the insurer on the reference group disregarding the separation of additional reference groups.

5.1.8. Value of the insurance reserves on the reference group shall be equal to the sum of amounts of insurance reserves by types of the reserves formed by the insurer on such

reference group.

5.1.9. If the insurer separates additional reference groups within the reference group, the amount of each type of the insurance reserves on the reference group, except for the equalisation reserve, shall be equal to the sum of amounts of such type of insurance reserves on additional reference groups.

5.1.10. The insurance contract shall be accounted in calculation of the insurance reserves and the share of the reinsurers in the insurance reserves, starting from the earliest of the dates (hereinafter - start of recognition of the insurance contract):

dates of start of the time period (periods) defined according to the terms of the insurance contract, during which the insured or other events may occur (an action may be taken or an omission may occur (work may be done or services may be rendered), defined in the insurance contract, as a result of which an insured event may occur in the future (hereinafter, respectively - the event initiating the insured event, the period of validity of the insurance coverage);

dates of conclusion of the insurance contract.

5.1.11. The outward reinsurance contract shall be accounted in calculation of the insurance reserves and the share of the reinsurers in the insurance reserves from the date of its entry into force (hereinafter - the start of recognition of the outward reinsurance contract).

5.1.12. The insurance or outward reinsurance contract shall be accounted in the calculation of the insurance reserves and the share of the reinsurers in the insurance reserves, if the start of its recognition is not later than the calculation date, and the calculation date is earlier than the date of complete settlement of such contract (hereinafter - the contract accounted in the calculation).

The expected settlement date of insurance or outward reinsurance contract shall be defined depending on the terms of such contract and the terms for settlement of the liabilities under the contract expected in accordance with the observed statistics of the insurer, including the obligations of direct claims settlement (the date, starting from which no cash flows are expected, including that as a result of early termination of the contract).

5.2. The insurer shall form the following types of insurance reserves (if there are the reference groups on which they are formed):

investment commitment reserve;

premium reserve;

loss reserve;

reserve for direct claim settlement (hereinafter - RPVU);

equalisation reserve.

The investment commitment reserve shall be formed on reference group 19 and is the value estimation of the insurer's liabilities on the insurance contracts accounted in the calculation for the part of periods of validity of the insurance coverage not expired before the calculation date, to the upper bound of the contracts in the part of the increase of the insured amount and/or making of extra payments, as of the calculation date.

The premium reserve is the value estimation of liabilities of the insurer from the insurance contracts accounted in the calculation on the part of periods of validity of the insurance coverage, not expired before the calculation date, to the upper bound of the contracts, except for the liabilities accounted in the investment commitment reserves, as of the calculation date.

The loss reserve is the value estimation of the insurer's liabilities formed in relation to the following events which occurred as of the calculation date on the insurance contracts accounted in the calculation, as of the calculation date:

early termination of a life insurance contract;

the insured event or the event initiating the insured event.

RPVU is the value estimation of the cash flows necessary for settlement related to direct claims settlement on the contracts of compulsory motor third parties liability insurance

accounted in the calculation, as of the calculation date.

The equalisation reserve on reference group 9 shall be formed if the obligation of its formation is established in accordance with the Federal Law on the State Support in the Sphere of Agricultural Insurance and on Amending the Federal Law on Development of Agriculture.

5.3. When forming the insurance reserves, the insurer shall observe the following conditions.

5.3.1. The insurer shall form the insurance reserves proceeding from the actuarial calculations made by the actuary with the use of the approach for the insurance reserves calculation based on estimation of the insurer's cash flows.

When making the calculations cited in the first paragraph of this Subitem, the actuary shall use the parameters set in accordance with the requirements of this Chapter and define the applied methods for actuarial calculation, actuarial models and values of the parameters used for the insurance reserve calculation, basing on their assumptions and judgements used as of the calculation date for calculation of insurance reserves (hereinafter - the reserve basis). When making the calculations, the actuary shall use the information available to the insurer as of the calculation date and other data, assumptions and methods, if they comply with the criteria established by Item 5.7 of these Regulations.

The actuary shall evaluate the cash flows of the insurers by building the cash flow forecast considering the terms of the contracts (including the interdependence between the insurance premiums and the insurance payments), legislative requirements, obligations taken by the insurer in addition to those envisaged in the insurance contracts, as of the calculation date, and the observed statistics of the insurer.

In the course of the estimation of the amount of insurance reserves on the reference group (and in the case envisaged by Subitem 5.3.5 of this Item and Subitem 5.4.2 of Item 5.4 of these Regulations - in the insurance contract), the forecast of the cash flows related to the insurance contracts belonging to the reference group (related to the insurance contract) shall be built. The forecast of the cash flows for a group of the insurance contracts shall be built on the basis of mathematical modeling methods.

When making the cash flow forecast, the cash flows recognised within assets and liabilities whose analytical accounting is kept on balance sheet accounts in accordance with the Chart of Accounts for Bookkeeping in non-credit financial institutions shall not be accounted, except for the cash flows recognised within assets and liabilities of the insurance company formed due to the conclusion, amendment or termination, including early one, of the insurance contracts.

For each cash flow, the forecast shall contain the following characteristics: type of the cash flow, amount of the cash flow, currency of the payment, date of the payment (period of the payment, if it is expected that the cash flow will be realised during the period), direction of the cash flow, name of the payer (if any) and the probability of the cash flow realisation.

The period of payment in the cash flow forecast shall not exceed one year. The cash flow forecast shall include cash flows in case of realisation of all possible combinations of all possible terms of the insurance contract. The cash flow forecast shall make it possible to calculate the share of the reinsurer in the insurance reserves.

If the cash flow forecast is obtained with the use of the mathematical modeling methods as the amount of individual cash flows, average weighted by the probability of realisation, the probability of realisation of such cash flow shall be taken equal to one.

The cash flow forecast shall also include:

- possible change of the number of insured events and the dates of their occurrence;
- possible change of the date and the value of the insurance payment, including that depending on the change of the facts influencing the value of the insurance payment;
- possible change of the amount of expenses for the case administration and the dates of their incurrance;

interdependence of two or more said changes.

The cash flow forecast shall account the possible changes, if their accounting leads to the change of the value of the insurance reserves by more than five percent on the reference group.

When estimating the probability of occurrence of insured events and the events initiating the insurance events, envisaged by the insurance contracts, the facts known to the insurer and being essential for estimation of the insurance risk and the results of estimation of the insurance risk by the insurer, including the relevance of the estimated risk with the general combination (selection), by whose data the probability of the insured events and the events initiating the insured event envisaged by the insurance contracts is calculated, shall be accounted.

Amount of the unrealised cash flows envisaged by the contracts as of the calculation date shall be defined by the terms of such contracts.

When building the cash flow forecast, the cash outflows of the insurer shall be accounted with a "+" (plus), and the inflows – with a "-" (minus).

Following the results of calculation of the insurance reserves and the share of the reinsurers in them, and calculation of the expected deficiency ratio of the reinsurer calculated in accordance with Subitem 6.3.4.3 of Item 6.3 of these Regulations (hereinafter - ODP), the actuary shall prepare the result of the actuarial calculations meeting the requirements of Subitem 5.9.8 of Item 5.9 of these Regulations (hereinafter - the result of actuarial calculations).

5.3.2. The amount of the premium reserve on each reference group shall be taken equal to the sum of the non-negative best estimate of the present value of all cash flows included in the cash flow forecast (except for the flows cited in Subitem 5.3.7 of this Item) related to fulfillment of the liabilities accounted in the calculation of the premium reserve to the latest expected settlement date of the insurance contracts included in the reference group (hereinafter - DPP), and the amount of the risk margin in the premium reserve on the respective reference group (hereinafter - RMP) defined in accordance with Subitem 5.3.8 of this Item.

5.3.3. Amount of the loss reserve on each reference group cited in Subitem 5.1.4 of Item 5.1 of these Regulations shall be taken equal to the sum of the non-negative best estimate of the present value of all cash flows included in the cash flow forecast (except for the cash flows cited in Subitem 5.3.7 of this Item) related to fulfillment of the liabilities accounted in the calculation of the loss reserve, to the latest expected date of the complete settlement of the insurance contracts included in the reference group (hereinafter - DPU) and the amount of the risk margin in the loss reserve on the respective reference group (hereinafter - RMU) defined in accordance with Subitem 5.3.8 of this Item.

Amount of the loss reserve on each reference group cited in Subitem 5.1.3 of Item 5.1 of these Regulations shall be taken equal to the sum of the non-negative estimation cited in Subitem 5.5.3 of Item 5.5 of these Regulations and the RMU calculated in accordance with Subitem 5.3.8 of this Item.

5.3.4. Amount of RPVU shall be taken equal to the non-negative best estimate of the present value of all cash flows related to settlement accounted in the RPVU calculation, included in the cash flow forecast (except for the cash flows cited in Subitem 5.3.7 of this Item).

5.3.5. Amount of the investment commitment reserve shall be taken equal to the sum of the investment commitment reserves on each insurance contract belonging to reference group 19.

Amount of the investment commitment reserve under the insurance contract belonging to reference group 19 shall be taken equal to the fair value of the financial instruments weighted by the probability of occurrence of the insured event and early termination of the insurance contract, the payments on which coincide by the amount and the dates with the

additional payments in accordance with the terms of the insurance contract and/or change of the insured amount. The value of said financial instrument shall be calculated in accordance with IFRS 13.

If the insurer has acquired the assets cited in Subitem 1.2.2 of Item 1.2 of these Regulations as of the calculation date, and it excludes its value from calculation of the own funds (capital) in accordance with said Subitem, the amount of the investment commitment reserve under the insurance contract as related to the liabilities formed as a result of change of value of such assets shall be taken equal to zero.

5.3.6. Amount of the equalisation reserve shall be taken equal to the auxiliary value SR calculated in accordance with Annex 6 to these Regulations.

5.3.7. Calculation of the cash flow forecast shall not include the following cash flows on the insurance contracts accounted in the calculation:

unrealised (unpaid and/or not received) cash flows whose maturity was due before the calculation date according to the terms of the insurance contracts, except for the insurance payments in relation to survival of individuals to a particular age or time and the corresponding settlement cash flows, and the corresponding cash flows on payment of administrative expenses;

realised (paid and/or received) cash flows, whose maturity was due before the calculation date according to the terms of the insurance contract;

cash flows on the insurance premiums (insurance fees) paid for the provision of the insurance coverage to the upper bound of the insurance contract, on condition that the upper bound of the insurance contract is not later than the calculation date and the corresponding cash flows on payment of expenses for the conclusion (acquisition) of the insurance contracts;

cash flows on the insurance premiums (insurance fees) paid for the period of validity of the insurance coverage after the upper bound of the insurance contract and the corresponding cash flows related to payment of expenses for conclusion (acquisition) of the insurance contracts;

cash flows on funds excessively received from the insurer, insurance premiums (insurance fees) received earlier than the term envisaged by the insurance contract and the corresponding cash flows related to payment of expenses for conclusion (acquisition) of the insurance contracts;

cash flows unrealised as of the reporting date, related to settlement of contracts, formed as a result of insurance payment on the insured event before the calculation date (including the cash flows on subrogation and recourses);

cash flows on payments to the beneficiary under the insurance contract upon the decision of the insurer, not declared before the calculation date;

cash flows on repayment by the insured who is an individual of the loan granted by the insurer in accordance with Item 7 of Article 26 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation;

cash flows on the outward reinsurance contracts;

cash flows on the investment income - for calculation of the insurance reserves on the non-life insurance;

cash flows on the rights to claim from the insurance companies, the professional association of insurers, on condition that the settlements on such rights to claim are made under the agreement on direct claims settlement, and such rights to claim formed as a result of direct claims settlement before the calculation date.

5.3.8. RMP and RMU for the reference group shall be calculated by the formulas:

$$RMP = \frac{DPP - DDPP}{\sum DPP_N + \sum DPU_N} \times RM$$

$$RMU = \frac{DPU - DDPU}{\sum DPP_N + \sum DPU_N} \times RM$$

where:

DDPP (DDPU) - amount of the shares of the reinsurers in the premium reserves (loss reserves) on the reference group, calculated in accordance with Item 5.6 of these Regulations and accounted in the calculation of the standard solvency margin ratio calculated in accordance with Item 6.3 of these Regulations;

$\sum DPP_N \left(\sum DPU_N \right)$ - sum of the values of DPP (DPU) decreased by the amount of the share of the reinsurers in the premium reserve (loss reserve) accounted during the calculation of the standard solvency margin ratio calculated in accordance with Item 6.3 of these Regulations on all reference groups;

RM - auxiliary value calculated in accordance with Annex 5 to these Regulations.

5.3.9. Calculation of the insurance reserves shall account the following:

acquisition costs and administrative expenses of certain insurance contracts accounted in the calculation and for the settlement of certain insurance contracts accounted in the calculation (hereinafter - direct expense for the case administration);

acquisition costs and administrative expenses of a group of the insurance contracts accounted in the calculation and for the settlement of the group of insured events (hereinafter - indirect expenses for the case administration).

5.3.10. Acquisition costs of the insurance contracts shall also include those for payment for services of the intermediaries (agency, brokerage remuneration), expenses for preparation of the contracts and pre-insurance expert examination.

5.3.11. Administrative expenses shall also include those for payment of salaries, lease, operation of information systems and software and on the investment activities (for life insurance contracts).

Expenses on the investment activities shall be accounted in the cash flow forecast separately and shall not be mixed with other cash flows.

5.3.12. Direct claim settlement costs shall also include those for legal services, services of determination of the amount of losses or damage and expenses for support of the insured event settlement processes.

5.3.13. In the calculation of DPP and DPU, change of the amount of expense of the insurer in the future shall be accounted, depending on the type of the expenses, level of inflation, change of the currency exchange rate and the information on future change of prices available as of the calculation date, considering the requirements of Item 5.6 of these Regulations.

When calculating DPP, the cash flows shall be accounted on the insurance contracts concluded before the calculation date, inclusively, on which the insurer does not have any reliable data as of the calculation date due to the later receipt of the primary accounting records.

5.3.14. The rate of return applied for discounting of cash flows for calculation of the insurance reserves and the share of the reinsurers in them shall be calculated by the formula:

$$SD_m = \min(BRS_m, BRS_m^{av}) + f$$

where:

SD_m - the rate of return used for discounting of the cash flow m;

f - auxiliary value equal to zero, if the currency of the cash flow is the Russian ruble and, if another currency - equal to 2 percentage points;
 BRS_m - the rate of return calculated by the formula:

$$BRS_m = \begin{cases} RK_{D_{min}}, & \text{if } GP_m \leq D_{min} \\ RK_{V_-} + \frac{GP_m - V_-}{V_+ - V_-} \times (RK_{V_+} - RK_{V_-}), & \text{if } D_{min} < GP_m < D_{max} \\ RK_{D_{max}}, & \text{if } GP_m \geq D_{max} \end{cases} ;$$

BRS_m^{av} - the average value of the BRS_m calculated by the formula:

$$BRS_m^{av} = \begin{cases} RK_{D_{min}}^{av}, & \text{if } GP_m \leq D_{min} \\ RK_{V_-}^{av} + \frac{GP_m - V_-}{V_+ - V_-} \times (RK_{V_+}^{av} - RK_{V_-}^{av}), & \text{if } D_{min} < GP_m < D_{max} \\ RK_{D_{max}}^{av}, & \text{if } GP_m \geq D_{max} \end{cases} ;$$

RK_V - the rate of return for the term V, calculated as of the calculation date. If the currency of the cash flow is the Russia ruble, the curve of the coupon-free profitability of the federal loan bonds whose values are published on the official website of the Moscow Stock Exchange MMVB-RTS public joint stock company (hereinafter - PAO the Moscow Stock Exchange) shall be used, and in other cases - the curve of the coupon-free profitability of the US state securities, whose daily values are published on the official website of the US Treasury Department;

RK_V^{av} - the arithmetical mean of the RK_V calculated for 10 days preceding the calculation date, for which the value of the RK_V is defined;

D_{min} (D_{max}) - minimum (maximum) term, for which the level of the interest rates of the coupon-free profitability of state securities for the respective currency of the cash flow is calculated, in years;

V₋ (V₊) - minimum (maximum) term, for which the value of the coupon-free profitability curve is known, not exceeding (exceeding) GP_m, in years;

GP_m - term of the cash flow m in years.

For the purpose of calculation of the insurance reserves, the shares of the reinsurers in the insurance reserves and ODP, the term of the cash flow shall mean the period between the calculation date and the date of the payment which is later than the calculation date, calculated as the number of years which is the integer number of calendar quarters from the calculation date to the date of payment of the cash flow with the use of the mathematical rounding, divided by 4 - for the non-life insurance; or the number of years which is the integer number of months from the calculation date to the date of payment of the cash flow, with the use of the mathematical rounding, divided by 12 - for life insurance.

If the receipt (making) of the payment envisages not a particular date but a particular period, the date of payment shall be, for the purpose of determination of the term of the cash inflow, the date of end of said period and, for the purpose of determination of the term of the cash outflow - date of start of said period.

5.3.15. When calculating the amount of each type of reserve on each reference group, the present value of individual cash flows calculated in foreign currency shall be recalculated

in Russian rubles at the official rate of the foreign currency to the ruble set by the Bank of Russia in accordance with Item 15 of Article 4 of the Federal Law on the Central Bank of the Russian Federation (the Bank of Russia), as of the calculation date, unless the legislation of the Russian Federation or the agreement establishes otherwise.

5.4. When forming the insurance reserves on life insurance contracts, the insurer shall meet the following conditions for their formation in addition to those cited in Item 5.3 of these Regulations.

5.4.1. The reserve basis on life insurance shall also include:

composition of expenses for administration of the case on the contracts accounted in the calculation and the procedure for distribution of indirect expenses by reference groups and types of reserves;

procedure for calculation of cash flows by types of direct and indirect expenses separately;

procedure for calculation of payment on the financial instrument used for calculation of the amount of the investment commitment reserve in accordance with Subitem 5.3.5 of Item 5.3 of these Regulations;

description of the methodology and the procedure for determination of characteristics of the cash flows (including those formed as a result of non-payment of insurance premiums (insurance fees) by the insurant, early termination of insurance contracts), including the table of probability of insured events envisaged by the insurance contracts, and the values calculated on their basis, related to life expectation and used for calculation of insurance reserves;

procedure for determination of parameters of the models used for calculation of insurance reserves.

5.4.2. For each life insurance contract from the reference group, DPP shall be calculated separately. For each insurance contract of reference groups 18, 19 and 20, DPU shall be calculated separately. DPP (DPU) on reference groups 18, 19 and 20 shall be equal to the sum of DPP (DPU) on each insurance contract belonging to the reference group, correspondingly.

5.4.3. When estimating the DPP and DPU, the following types of cash flows shall also be accounted:

5.4.3.1. cash inflows: receipt of insurance premiums (insurance fees) - in case of estimation of DPP;

5.4.3.2. cash outflows:

Insurance payments under the insurance contract;

making of payments to the beneficiary under the insurance contract upon the decision of the insurer (hereinafter - the unguaranteed payments), declared before the calculation date, which are accounted in the cash flow forecast separately and cannot be mixed with other cash flows;

payments envisaged by the insurance contract, not cited in paragraphs 2 and 3 of this Subitem;

amounts, including cash surrender value paid out in case of early termination of the insurance contract;

expenses cited in Subitem 5.3.9 of Item 5.3 of these Regulations (in case of estimation of DPU, the expenses for conclusion and support of the insurance contracts shall be disregarded);

expenses for support of the outward reinsurance contracts, according to which the direct contracts belonging to the reference group are reinsured - in case of estimation of DPP;

tax payments, on which the insurer is the tax agent on the personal income tax (hereinafter - NDFL), in case of insurance payment.

5.4.4. Probability of realisation of the following outward cash flows accounted during estimation of DPU shall be taken equal to one:

cash flow on the insurance payments due to the survival of individuals to a particular age, time or another event envisaged by the insurance contract;

cash flows on payments in relation to the early termination of the insurance contract entailing return of a part of the insurance premium and payment of the amounts envisaged by the contract, including cash surrender values.

5.5. When forming the insurance reserves on the non-life insurance, the insurer shall observe the following conditions for their formation, apart from those cited in Item 5.3 of these Regulations.

5.5.1. The reserve basis on the non-life insurance shall include, among other things:

composition of expenses for administration of the case on the contracts accounted in the calculation and the procedure for distribution of indirect expenses by reference groups and types of reserves;

procedure for calculation of cash flows on types of direct and indirect expenses separately (including those on direct claims settlement, if there are insurance contracts belonging to reference group 3);

description of the methodology and the procedure for definition of characteristics of cash flow (including those formed as a result of non-payment of insurance premiums (insurance fees) by the insured or early termination of the insurance contract), even if the cash flow forecast is built for a group of the insurance contracts on the basis of the mathematical modeling methods;

procedure for determination of parameters of models used for calculation of insurance reserves.

5.5.2. Cash outflows in the part of insurance payments under the insurance contract on reference group 4 on the declared insured events shall be estimated proceeding from the information on the assumed amount of damage in the countries being the members of the Green Card international insurance system received from the foreign representatives authorised for consideration of claims of the affected related to the occurred insured events (including national insurance bureaus) within said international insurance system.

5.5.3. DPU for each reference group on the non-life insurance shall be estimated by the formula:

$$DPU = \max \left(DPU^{BE}; \left(DPU^F \times \left(1 + \max \left(\frac{DPUU^{BE}}{DPUV^{BE}}; 3\% \right) \right) - ORS^F \right) \times k \right)$$

where:

DPU^{BE} - the best estimate of the present value of all cash flows (excluding those cited in Subitem 5.3.7 of Item 5.3 of these Regulations) on fulfillment of the liabilities accounted in calculation of the loss reserves, on the insurance contracts belonging to the reference group;

$DPRUU^{BE}$ - the best estimate of the present value of future settlement costs for the reference group;

DPU^F - auxiliary value calculated for the reference group in accordance with Annex 3 to these Regulations;

ORS^F - auxiliary value calculated for reference groups 3 and 7 in accordance with Annex 4 to these Regulations;

k - approximation factor defined in accordance with Subitem 5.5.4 of Item 5.5 of these Regulations.

$DPUV^{BE}$ - the best estimate of the present value of the cash flows on the insurance payments accounted in the calculation of the loss reserve, under the insurance contracts belonging to the reference group;

DPU^F and ORS^F shall be calculated as of the end of the quarter. If the calculation date does not coincide with the end of the quarter, the values of said indicators defined as of the

end of the calendar quarter preceding the calculation date shall be used in the calculation.

5.5.4. The approximation factor (k) shall be calculated for each reference group and shall be taken equal to one, if the calculation date coincides with the end of the quarter and, if not - by the formula:

$$k = \frac{\max(DPU^F + ZP \times \bar{U} - OU; ZNU)}{DPU^F},$$

where:

OU - amount of the insurance payments under the insurance contracts belonging to the reference group, made by the insurer for the period from the start of the calendar quarter containing the calculation date, to the calculation date, inclusively;

ZP - the earned insurance premium under the insurance contracts included in the reference group, for the period from the start of the calendar quarter containing the calculation date, to the calculation date, inclusively, calculated in accordance with Subitem 5.5.5 of Item 5.5 of these Regulations;

\bar{U} - auxiliary indicator calculated in accordance with paragraph 9 of Item 5 of Annex 3 to these Regulations as of the end of the last calendar quarter preceding the calculation date. If data on the insurance payments are available on the reference group for the number of quarters less than that established by Item 6 of Annex 3 to these Regulations, or if the amount of the earned insurance premium in at least one of such quarters is non-positive, \bar{U} is 0.77;

ZNU - auxiliary value calculated in accordance with Item 4 of Annex 3 to these Regulations.

5.5.5. The earned insurance premium (ZP) in the insurance contract for a period shall be calculated by the formula:

$$ZP = p \times \frac{d}{s},$$

where:

p - insurance premium envisaged by the insurance contract for provision of the insurance coverage to the upper bound of the insurance contract, as of the end of the period for which the earned insurance premium is calculated;

d - number of days in the period, for which the earned insurance premium is calculated, which fall upon the period of validity of the insurance coverage to the upper bound of the insurance contract, as of the end of the period for which the earned insurance premium is calculated;

s - number of days in the period of validity of the insurance coverage to the upper bound of the insurance contract, as of the end of the period for which the earned insurance premium is calculated.

For the purpose of calculation of p and s, in case of early termination of the insurance contract, the upper bound of such contract shall be defined in the same way as if the contract was not terminated early.

5.5.6. When estimating DPP and DPU^{BE} on the reference group, the following types of cash flows shall also be accounted:

5.5.6.1. cash inflows:

receipt of insurance premiums (insurance reserves) - in case of estimation of DPP;

receipt on subrogation and recourses and from sale of salvage material accounted in the cash flow forecast separately and not to be mixed with other cash flows;

5.5.6.2. cash outflows:

insurance payments under the insurance contract;

return of the part of the insurance premium in case of early termination of the insurance contract - in case of estimation of DPP;

deductions from the insurance premium to the compensatory payment funds made in the cases when the federal laws envisage making of compensatory payments with funds of professional associations of insurers or other organisations charged in accordance with federal laws with the obligation of making of the compensatory payments (hereinafter - deductions from the insurance premium to compensatory payment funds) - in case of estimation of DPP;

expenses cited in Subitem 5.3.9 of Item 5.3 of these Regulations (in case of estimation of DPU^{BE}, expenses for conclusion and support of insurance contracts shall be disregarded);

expenses for support of the outward reinsurance contracts according to which the direct contracts belonging to the reference group are reinsured - in case of estimation of DPP;

tax payments, on which the insurer is the tax agent on NDFL for insurance payment.

5.5.7. When estimating RPVU, the following types of cash flows shall also be considered:

5.5.7.1. cash inflows: receipt under the agreement on direct claims settlement (receipt of indemnification from the insurer which insured the liability of the person which inflicted the damage or from the professional association of insurers);

5.5.7.2. cash outflows:

direct payments;

settlement costs on RPVU.

5.5.8. If the provision on forming of insurance reserves on the non-life insurance establishes that the receipt on subrogation, recourses and from sale of salvage material on the reference group (additional reference group) is not accounted in the value of the insurance reserves, the cash flows on subrogation, recourses and from sale of salvage material shall not be accounted when building the cash flow forecast, and the value of ORS F shall be zero.

5.6. When forming the insurance reserves, the insurer shall provide the following methodology for calculation of share of reinsurers in the insurance reserves.

5.6.1. For calculation of share of reinsurers in the insurance reserves, the forecast of cash flows shall be built on the outward reinsurance contract, except for the case when such share is estimated in accordance with Subitem 5.6.7 of this Item.

Cash flow forecast shall be built on each outward reinsurance contract accounted in the calculation, by application of the terms of the reinsurance contract to the cash flow forecast on direct insurance contracts used for estimation of the insurance reserves in accordance with Subitem 5.3.1 of Item 5.3 of these Regulations. When making the forecast of the cash flows, the cash flows recognised within the assets and liabilities whose analytical accounting is kept on balance sheet accounts in accordance with the Chart of accounts for bookkeeping in non-credit financial institutions shall not be accounted, except for the cash flows recognised within the assets and liabilities of the insurance company formed due to the conclusion, amendment or termination, including the early one, of the outward reinsurance contracts.

For each cash flow, the cash flow forecast on the outward reinsurance contract shall contain the characteristics of the cash flows cited in paragraph 6 of Subitem 5.3.1 of Item 5.3 of these Regulations.

5.6.2. When building the cash flow on the outward reinsurance contract related to the non-life insurance, the amount of the cash flows included in the cash flow forecast on the direct insurance contracts and used for calculation of DPU NO shall be multiplied by the ratio

$$\frac{DPU}{DPU^{BE}}$$
 for the respective reference group.

5.6.3. Amount of the share of reinsurers in the premium reserve (loss reserve, RPVU)

on the reference group shall be taken equal to the sum of the shares of the reinsurers in the premium reserve (loss reserve, RPVU) on the outward reinsurance contracts, on which the direct contracts belong to the respective reference group.

Amount of share of the reinsurers in the premium reserve (loss reserve, RPVU) on the outward reinsurance contract for the reference group shall be taken equal to the sum of the best estimate of the present value of all cash flows included in the cash flow forecast on such outward reinsurance contract, obtained by way of application of terms of such reinsurance contract to the cash flow forecast on the direct insurance contracts, used for estimation of DPP (DPU, RPVU) for said reference group (except for the cash flows envisaged by Subitem 5.6.5 of this Item) (hereinafter, respectively - auxiliary values SPR^{BE} , $SPRU^{BE}$ and $SPRPVU^{BE}$), and the adjustment by the risk of the non-payment under the outward reinsurance contract on the reference group on the premium reserve (loss reserve, RPVU) (hereinafter, respectively - auxiliary values KRNP, KRNU, KRNPVU), calculated in accordance with Subitem 5.6.6 of this Item.

Amount of share of the reinsurers in the premium reserve (loss reserve) accounted (not accounted) in calculation of the index of the standard amount of the solvency margin, calculated in accordance with Item 6.3 of these Regulations, on the reference group, shall be defined as the sum of shares of the reinsurers in the premium reserve (loss reserve) on the reference group on the outward reinsurance contracts deemed (not deemed) conveying the insurance risk according to Subitem 6.3.4 of this Item, the direct contracts on which belong to the corresponding reference group. The share of the reinsurers in the premium reserve (loss reserve), including that accounted during calculation of the standard amount of the solvency margin calculated in accordance with Item 6.3 of these Regulations, on the reference group shall not be more than the DPP (DPU) on such reference group.

Amount of share of the reinsurer in the insurance reserves shall be calculated as the sum of the shares of such reinsurer in the premium reserve, loss reserve and RPVU on all reference groups.

5.6.4. When estimating the share of the reinsurers in the premium reserve (loss reserve), the following types of cash flows shall also be accounted:

5.6.4.1. cash inflows:

insurance payments under the outward reinsurance contract in the amount not exceeding the amount declared by the insurer (reinsurant);

reimbursement by the reinsurer of the share of the reinsurers in the expenses for administration of the insurer's case (if so is envisaged by the reinsurance contract);

reinsurance remuneration not related to the reinstatement premium under the outward reinsurance contract - in case of estimation of the share of reinsurers in the premium reserve;

cash flows on profit commissions - in case of estimation of the share of reinsurers in the premium reserve;

5.6.4.2. cash outflows:

insurance premiums under the outward reinsurance contracts - in case of estimation of the share of reinsurers in the premium reserves;

reinstatement premium under the outward reinsurance contracts (if any);

share of the reinsurers in the receipts on subrogation and recourses and from sale of salvage material;

cash flows related to the fulfillment of liabilities of the reinsurer related to making of additional payments to the reinsurer depending on the difference between the income and the expenses of the reinsurer on the reinsurance contract concluded between them or on a group of such contracts for a particular time period - in case of estimation of share of the reinsurers in the premium reserve.

5.6.5. Calculation of the cash flow forecast shall not include:

unrealised (unpaid and/or not received) cash flow, on which the maturity of the payments by the conditions of the outward reinsurance contract was due before the

calculation date;

realised (paid and/or received) cash flows, on which the maturity of the payments by the conditions of the outward reinsurance contract was due before the calculation date;

cash inflows not related to the direct contracts not accounted in the calculation;

cash flows under the outward reinsurance contracts, if such flows are conditioned by the cash flows on the direct contracts, which are already received or paid by the insurer;

cash flows as related to the liabilities of the reinsurant related to payment of a part of the insurance premium under the outward reinsurance contract, which the reinsurant has the right to postpone in accordance with the terms of the outward reinsurance contract¹³ as the guarantee of fulfillment of liabilities of the reinsurer on said contract (hereinafter - premium depot), and also in the part cited above, whose amount is defined depending on the share of the reinsurer in the loss reserves of the reinsurant (hereinafter - loss depot);

cash flows for fulfillment of liabilities of the reinsurant related to the reinsurer of additional payments depending on the difference between income and expenses of the reinsurer under the reinsurance contract or a group of such contracts concluded between them for the period defined in the outward reinsurance contract, as of the calculation date, which cannot be recognised as the expenses of the insurer in accordance with Regulations of the Bank of Russia No. 487-P of September 2, 2015 Industry-Specific Standard for Accounting of Income, Expenses and Other Total Income of Non-Credit Financial Institutions, registered by the Ministry of Justice of the Russian Federation on October 9, 2015, registration No. 39282, with the amendments made by directions of the Bank of Russia No. 4022-U of May 20, 2016 (registered by the Ministry of Justice of the Russian Federation on June 8, 2016, registration No. 42473), No. 4178-U of November 7, 2016 (registered by the Ministry of Justice of the Russian Federation on December 20, 2016, registration No. 44832), No. 4541-U of September 25, 2017 (registered by the Ministry of Justice of the Russian Federation on November 13, 2017, registration No. 48865), No. 4746-U of March 22, 2018 (registered by the Ministry of Justice of the Russian Federation on April 13, 2018, registration No. 50764), No. 5823-U of June 21, 2021 (registered by the Ministry of Justice of the Russian Federation on July 22, 2021, registration No. 64338) and No. 6237-U of September 14, 2022 (registered by the Ministry of Justice of the Russian Federation on October 19, 2022, registration No. 70620);

cash flows on the return of the insurance premium (its part), in case of early termination of the outward reinsurance contract, if the date of the early termination was before the calculation date;

unrealised cash flows on the share of the reinsurers in the funds on subrogation, recourses and sale of salvage material received by the insurer.

5.6.6. The auxiliary values KRNP, KRNU, KRNPVU shall be calculated by the formula:

¹³ Item 1 of Article 954, Item 2 of Article 967 of the Civil Code of the Russian Federation.

$$KRNP(KRNU, KRNPVU) = -max \left(0,65 \times \frac{PD}{1-PD} \times \left(\frac{\sum_{j=1}^J \frac{(d_j-d)}{365} \times PVF_j \times Pr_j}{SPRP^{BE}(SPRU^{BE}, SPRPVU^{BE})} \right) \times SPRP^D(SPRU^D, SPRPVU^D); 0 \right)$$

where:

PD - probability of default defined by table 1 of Annex 2 to these Regulations, proceeding from the credit quality group of the reinsurer;

$SPRP^D(SPRU^D, SPRPVU^D)$ - amount of the $SRPR^{BE}(SPRU^{BE}, SPRPVU^{BE})$ decreased by the product of sum of premium and loss depots on the outward reinsurance contract as of the calculation date, and the ratio of $SPRP^{BE}(SPRU^{BE}, SPRPVU^{BE})$ on the outward reinsurance contract on the reference group, to the sum of $SPRP^{BE}(SPRU^{BE}, SPRPVU^{BE})$ on all reference groups which include the direct contracts;

j - sequence number of the next expected flow accounted in the estimation of $SPRP^{BE}(SPRU^{BE}, SPRPVU^{BE})$, from the calculation date;

J - number of cash flow accounted in the estimation of $SPRP^{BE}(SPRU^{BE}, SPRPVU^{BE})$, from the calculation date;

PVF_j - the present value of the cash flow j in Russian rubles;

Pr_j - probability of the cash flow j realisation;

d_j - date of the cash flow;

d - calculation date.

5.6.7. If the data on the insurance payments on reference groups 1-17 which include the direct contracts in respect of which the outward reinsurance contract is concluded, are available for the number of quarters more than that established by Item 6 of Annex 3 to these Regulations, the amount of the earned premium in all such quarters was positive, the terms of the outward reinsurance contracts were not changed or were the same during said period (except for the terms related to the amount of the insurance premium under the outward reinsurance contract and the amount of the reinsurance remuneration, and the use of such approach is envisaged by the provision on formation of insurance reserves, $SPRP^{BE}$ and $SPRU^{BE}$ on the reinsurance contract on the reference group shall be calculated by the formulas:

$$SPRP^{BE} = DPP - NO1;$$

$$SPRU^{BE} = DPU - \frac{DPU}{DPU^{BE}} \times NO2$$

where:

DPP, DPU and DPU^{BE} shall be calculated on the reference group;

NO1 - the best estimate of the present value of the cash flows including those of the cash flow forecast on the reference group, envisaged by Subitem 5.3.1 of Item 5.3 of these Regulations, and used for estimation of DPP, and the cash flows included in the cash flow forecast on the outward reinsurance contract, envisaged by Subitem 5.6.1 of this Item, and used for estimation of the share of reinsurers in the premium reserve;

NO2 - the best estimate of the present value of the cash flows including the cash flows of the cash flow forecast on the reference group, envisaged by Subitem 5.3.1 of Item 5.3 of these Regulations, and used in the estimation of DPU, and the cash flow included in the cash flow forecast on the outward reinsurance contract, envisaged by Subitem 5.6.1 of this Item, and used for estimation of share of the reinsurers in the loss reserve.

5.7. For the formation of the insurance reserves, calculation of the share of reinsurers in the insurance reserves and calculation of ODP, the data, assumptions and methods having the following characteristics shall be used.

5.7.1. The data used for calculation of the insurance reserves, calculation of the share of reinsurers in the insurance reserves and calculation of ODP shall be reliable. The inaccuracy of data leading to the discrepancies in the results of calculation of the insurance reserves,

calculation of the share of reinsurers in the insurance reserves and ODP, including that on the reference group, within three percent shall be deemed being within the statistical confidence.

5.7.2. For calculation of the insurance reserves, calculation of the share of reinsurers in the insurance reserves and ODP for different time periods, the comparable data, assumptions and methods shall be used.

5.7.3. The data shall be applicable to calculation of the insurance reserves, the share of reinsurers in the insurance reserves and ODP, for which they are used. The data, assumptions and methods for building of cash flow forecast and cash flow forecast on the outward reinsurance contract shall be consistent, and the available amount of data shall make it possible to use such methods.

5.7.4. The data shall reflect the insurance, currency, financial and other risks taken by the insurer proceeding from the terms of the insurance contracts.

5.7.5. For calculation of insurance reserves, the shares of the reinsurers in the insurance reserves and ODP, the data and the values shall be used, the method for whose calculation is defined by these Regulations, and the information on the activities of the insurer. The insurer which took the insurance portfolio shall also use for calculation of insurance reserves all documents and information related to the insurance portfolio, provided by the insurer which transferred the insurance portfolio. Data from other sources shall be used, if the following conditions are met simultaneously:

- the use of such data gives more precise value of the insurance reserves, the share of the reinsurers in them and ODP;

- the insurer knows the assumptions and the methods for data collection and processing;

- the insurer considers the changes in the structure of data, assumptions and methods for their collection and processing.

5.7.6. The insurer shall use the models for generation of data on prices of assets (amount of liabilities) which:

- generate the prices corresponding to the market value of such assets;

- shall not provide for arbitration.

5.8. When forming the insurance reserves, the insurer shall observe the following requirements for the provision on formation of the insurance reserves.

5.8.1. The provision on formation of the insurance reserves shall contain:

- the procedure for distribution of the insurance contracts on reference groups and additional reference groups (if any);

- description of the division model (mathematical methods, calculation formulas and assumptions) used for calibration of the model of division of the observed statistics of the insurer and information on meeting of the conditions for application of the division model cited in Subitems 5.1.6.2 and 5.1.6.4 of Item 5.1 of these Regulations;

- methodology for ODP calculation;

- reserve basis on each reference group;

- description of the methods, formulas for calculation of insurance reserves and the conditions for their application, including those with indication of the insurance risks to which the methods and formulas are applied on each type of reserves and each reference group;

- description of the methods, formulas for calculation of share of reinsurers in the insurance reserves and the conditions for their application on each type of reserves and each reference group, depending on the terms of the outward reinsurance contracts;

- description of the insurance risks on each reference group;

- list of the indicators used for calculation of insurance reserves, share of the reinsurers in the insurance reserves and ODP, considering the insurance risks and recommendations of the actuary for collection of data cited in paragraph 13 of Subitem 5.9.8 of Item 5.9 of these Regulations (including the list of indicators of the insurance contracts registration log cited in

Subitems 5.9.2 and 5.9.3 of Item 5.9 of these Regulations, registration log of losses cited in Subitems 5.9.4 and 5.9.5 of Item 5.9 of these Regulations and registration log of the outward reinsurance contracts cited in Subitem 5.9.6 of Item 5.9 of these Regulations), the sources of data for such indicators (including the sources of data of tables of mortality, disease incidence and disability, if they are used for calculation of insurance reserves) and the procedure for collection of data on values of such indicators (hereinafter - the data for indicators), including the frequency for collection and description of the procedure for correction of data errors;

procedures for control of quality of data for indicators and procedures for control of inclusion in them of information on all contracts of the insurer;

assumptions and algorithms used for processing of data for indicators, depending on the purpose and the method of their use;

procedures for correction of data for indicators (if such are used);

list of types of cash inflows and outflows accounted during the estimation of DPP, DPU, DPUHO, RVPU and the share of the reinsurers in the premium reserve (loss reserve, RVPU);

procedure or recalculation of the cash flow into the Russian rubles;

details of the letters of the Bank of Russia on coordination of the methods for calculation of insurance reserves other than those envisaged by these Regulations (if any);

forms of the registration logs cited in Subitem 5.9.1 of Item 5.9 of these Regulations and the procedure for inclusion of information in them;

procedure for distribution of the amount of insurance reserves and the share of reinsurers in the insurance reserves by currencies, including that for the currency risk assessment;

the basic currency for each reference group (the basic currency shall be the currency of the insured amount under the insurance contracts, on which the amount of the earned insurance premium for 12 months preceding the calculation date makes the largest part of the earned insurance premium on such reference group. If several currencies meet such condition simultaneously, the basis currency shall be selected by the insurer).

5.8.2. The provision on the formation of insurance reserves of the insurers providing life insurance shall also contain:

the procedure for calculation and charging of unguaranteed payments and liabilities of the insurance company accounted in the investment commitment reserve;

procedure for determination of the part of the insurance premium belonging to the longevity risk.

5.8.3. The provision on the formation of insurance reserves of the insurers providing non-life insurance shall also contain:

the procedure for determination of the date of the event initiating the insured event, for each reference group (additional reference group) (if the event initiating the insured event is used by the actuary in the calculations), envisaging the unambiguous determination of the date of its occurrence and its uniform referral to one period of validity of the insurance coverage for all calculations;

procedure for calculation of indicators StR on reference groups 1, 2, 4, 6, 7, 10, 12-14, 16, 17, SU(i), used for calculation of indicator RM in accordance with Annex 5 to these Regulations, envisaging that the amount of StR on the reference group shall not exceed the amount of the stabilisation reserve on such reference group by the data of the reporting submitted by the insurer to the Bank of Russia as of December 31, 2022 and shall not exceed the auxiliary value of StR on such reference group as of the previous calculation date;

number of quarters, for which the data on the insurance payments for calculation of the auxiliary value of DPUF defined in accordance with Annex 3 to these Regulations (value N) are considered, on each reference group;

number of quarters, for which the data are considered on receipts on subrogation, recourses and from sale of salvage material for calculation of the auxiliary value of ORS^F defined

in accordance with Annex 4 to these Regulations (value M), on reference groups 3 and 7;

list of the outward reinsurance contracts with the numbers (unique identifiers), to which the approach cited in Subitem 5.6.7 of Item 5.6 of these Regulations is applied.

5.8.4. The provisions on the formation of the insurance reserves shall include parameters and auxiliary indicators (values) calculated before the start of the formation by the insurer of the insurance reserves, calculation of the share of the reinsurer in the insurance reserves or ODP.

5.9. When forming the insurance reserves, the insurer shall comply with the following requirements for the documents containing the information necessary for calculation of the insurance reserves and the terms for storage of such documents.

5.9.1. For calculation of the insurance reserves, the insurer shall keep the databases of information systems on electronic carriers. The databases of electronic systems shall provide drawing up of the registration log of insurance contracts, registration log of losses and registration log of outward reinsurance contracts.

Documents on the insurance contract and outward reinsurance contract confirming the information necessary for calculation of insurance reserves and the share of reinsurers in them, including the documents confirming the information of the registration log shall be contained in the databases of the insurer's information systems envisaged by Item 1 of Article 29 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation.

5.9.2. The registration log of insurance contracts shall contain the following for each contract:

number (unique identifier) of the insurance contract (policy);

surname, name and patronymic (if any) of the insurant, if the insurant is an individual, or full or abbreviated name, form of incorporation and taxpayer identification number, if the insurer is a legal entity;

for personal insurance - date of birth and sex of the insured person, if the insurance contract envisages provision of such data;

date of conclusion of the insurance contract and dates of its amendment (if any);

term of validity of the insurance contract;

dates of start and end of all periods of validity of the insurance coverage;

date of early termination of the contract (if any);

description of the insurance risks (insured events);

insured amounts;

amount and date of payment of the insurance premium (insurance fees) on the insurance contract (actual and in compliance with the insurance contract);

amount, date and type of all payments of direct expenses for conclusion of insurance contracts (actual and according to the contract terms);

amount and date of making of deductions to the compensatory payment funds (either made and planned by the insurer);

amount and date of return of the insurance premium (its part) due to the early termination of the insurance contracts (either conducted and expected (if any)).

5.9.3. The registration log of insurance contracts shall also contain the following additional information for each insurance contract:

values of increasing and decreasing factors applied for calculation of insurance reserves and reflecting the facts essential for the insurance risk (if any);

amounts, terms and frequency of the insurance payments according to the terms of the life insurance contract;

amounts and terms of the accrued additional payments.

5.9.4. The registration log of losses shall contain the following for each insured event reported to the insurer:

number (unique identifier) of the insurance contract (policy);
number (unique identifier) of the insured event;
date of receipt of the notification of the insured event (application for the insurance payment);
date of occurrence of the insured event;
date of occurrence of the event initiating the insured event, if the latter is used by the actuary in the calculations;
insurance risk inherent in the insured event;
amount of liabilities of the insurer related to making of the insurance payment and the information on its review during consideration of the notification of the insured event (application for the insurance payment) (date and amount);
amount and date of the insurance payment under the reinsurance contract, including the planned one (actual and according to the contract terms);
amount and date of the insurance payment;
date of refusal of the insurance payment;
date of receipt of the preliminary notification with the information on the claim of the affected, the circumstances of infliction of damage due to the damage to the property of the affected as a result of a road accident and on the expected amount of payment for direct claims settlement (hereinafter - the preliminary notification);
date of receipt of the claim for compensation of the indemnified damage within the direct claims settlement;
date of sending to the affected of the reasoned refusal of the insurance indemnification within the direct claims settlement;
scope of the rights transferred to the insurer under the subrogation or recourse on the insured events settled before the calculation date, specifying the date of the court decision on recovery of the paid insurance indemnification (if any), which has entered into force;
amount of liabilities of the insurer under the outward reinsurance contract related to payment to the reinsurer of its share in the receipts on subrogation and recourses on the insured events settled before the calculation date, specifying the dates of the formation of such liabilities;
amount of liabilities of the insurer under the outward reinsurance contract, related to payment of the share of the reinsurer in the income from sale of salvage material on the insured events settled before the calculation date, specifying the dates of the formation of such liabilities;
amount and date of receipts on subrogation, recourses and from sale of salvage material;
amount and date of payment to the insurer of the share in the receipts on subrogation, recourse and from sale of salvage material to the reinsurer;
amount and date of payment of the direct expenses for fulfillment of the liabilities on the insured events;
amount and date of receipt by the insurer of the insurance payment under the outward reinsurance contract, as related to the reimbursement of direct expenses for fulfillment of liabilities on the insured event.

5.9.5. The registration log of losses shall contain the following additional information for each insured event under the life insurance contract reported to the insurer:

amount and date of making of the unguaranteed and additional payments;
amount and date of payment of the cash surrender value.

5.9.6. The registration log of the outward reinsurance contracts shall contain the following for each of them:

number (unique identifier) of the outward reinsurance contract;
form of reinsurance: obligatory, facultative, facultative and obligatory or obligatory and facultative;
for facultative reinsurance - numbers of direct insurance contracts;

for obligatory reinsurance - method for identification of the direct contracts and the coverage base - a calendar or an insurance year;

type of the proportional (contributory, excess of amounts, other) or non-proportional (excess of loss, excess of loss ratio, other) reinsurance;

all conditions of the outward reinsurance contract used for building of the cash flow forecast on the outward reinsurance contract in accordance with Item 5.6 of these Regulations, including the amount of responsibility of the reinsurer (share), reinsurance remuneration, subscription lines and reinsurance limits;

date of start of recognition of the outward reinsurance contract;

applicable law, if the outward reinsurance contract is concluded in accordance with a foreign law;

term of validity of the outward reinsurance contract;

dates of start and end of all periods of validity of the insurance coverage;

date of early termination of the contract;

amount, term, frequency, purpose and recipient of all payments related to payment, return or recalculation of the insurance premium on the outward reinsurance contract and of the reinsurance remuneration (actual and according to the terms of the outward reinsurance contract);

dates of change of the terms of the outward reinsurance contract (if any);

amount and date of recalculation of the insurance premium on the outward reinsurance contract due to its amendment;

information on compliance of the outward reinsurance contract with the requirements cited in paragraph 2 of Subitem 6.3.4.2 of Item 6.3 of these Regulations;

information on compliance of the outward reinsurance contract with the requirements cited in paragraph 3 of Subitem 6.3.4.2 of Item 6.3 of these Regulations;

amounts ODP, OP, $P(AR < 0)$, $|E(AR|AR < 0)|$ calculated in accordance with Subitem 6.3.4.3 of Item 6.3 of these Regulations and the date of their calculation (if the amount of ODP was calculated by the insurer);

information on compliance of the outward reinsurance contract with the requirement of Subitem 6.3.4.3.2 of Item 6.3 of these Regulations;

information on compliance of the outward reinsurance contract with the requirement of Subitem 6.3.4.3.3 of Item 6.3 of these Regulations;

the forecasts cited in paragraphs 4 and 5 of Subitem 6.3.5 of Item 6.3 of these Regulations.

5.9.7. The record in the registration log shall make it possible to identify the insurance contract, the outward reinsurance contract and the insured event which it is related to.

5.9.8. The result of actuarial calculations shall contain a description of the calculation of insurance reserves and the share of the reinsurers in them and calculation of ODP as of the calculation date, justification of the selected methods of actuarial calculations, actuarial models, description of assumptions and judgements and values of the parameters used in the calculation. The result of actuarial calculations shall also include:

information on the actuary which prepared the report and on the self-regulating organisation of actuaries where it is a member;

name and identification number of the taxpayer of the insurer, for which the insurance reserves are calculated;

calculation date and date of drawing up of the actuary's report;

information on checks of data for the indicators, results of the checks and the discovered drawbacks of such data used for calculation of ODP, insurance reserves and the share of the reinsurers in them;

justification of the procedures of correction of data for the indicators, if such correction

was made;

justification of the selection and description of the methods for calculation of the insurance reserves and the share of the reinsurers in them;

justification of selection of the level of early terminations of the insurance contracts, level of expenses for administration of the case, justification of the assumption of decrease of the level of expenses as against the observed statistics related to the insurer (if any) and other assumptions used for calculation of the insurance reserves;

justification of the procedure for determination of the date of occurrence of the event initiating the insured event, other than the date of the insured event, if the event initiating the insured event is used by the actuary in the calculations;

information on change of the used methods and assumptions as compared with the calculation as of the previous calculation date and as of the end of the year preceding the calculation date, and justification of such changes, specifying the results of analysis of sensitivity of calculation of the insurance reserves, share of the reinsurers in them and ODP to the assumptions applied, by the reference groups (additional reference groups), in case of change of the used methods and assumptions;

list of the probable events which may, in the actuary's opinion, have the most influence on change of the calculated amounts of insurance reserves, share of the reinsurers in them and the ODP;

information on incompliance of data for the indicators, used for calculation of the insurance reserves, share of the reinsurers in them and ODP, with the requirements of Item 5.7 of these Regulations and on the influence of such incompliance on the calculation;

recommendations of the actuary aimed at the increase of the estimation quality, belonging to the next period, including those regarding the necessity of collection of data for the indicators, necessary for calculation of the insurance reserves, share of the reinsurers in them and ODP, or the possibility of termination of collection of certain data for the indicators;

values of the estimated indicators and justification of selection of the assumptions envisaged by Subitems 5.8.1-5.8.3 of Item 5.8 of these Regulations, which are defined only during the of the insurance reserves and the share of the reinsurers in them;

signature of the actuary who prepared the report.

5.9.9. Result of the actuarial calculations as of the calculation date falling upon the end of the calendar quarter shall also contain:

results of the retrospective analysis of adequacy of DPU^{BE} as of the previous reporting dates for making of insurance payments on each reference group (additional reference group) and on all reference groups as a whole;

results of the analysis of sensitivity of calculation of insurance reserves, share of reinsurers in the insurance reserves and ODP to the applied methods and assumptions by reference groups (additional reference groups).

5.9.10. Result of the actuarial calculations and the documents containing the information and the data used for calculation of the insurance reserves shall be kept by the insurer in the Russian Federation for not less than five years from the calculation date. The insurer shall provide making of backup copies of the result of actuarial calculations and the documents containing the information and the data used for calculation of the insurance reserves, in electronic form.

5.10. When forming the insurance reserves, the insurer shall observe the following procedure for coordination of the methods for insurance reserve calculation other than those envisaged by this Chapter, with the Bank of Russia.

5.10.1. Upon coordination with the Bank of Russia, the insurer can apply the methods for the insurance reserve calculation other than those envisaged by this Chapter (hereinafter - other methods), excluding:

the methods accounting the return rate other than that cited in Subitem 5.3.14 of Item 5.3 of these Regulations;

the methods envisaging the reference groups other than those cited in Subitems 5.1.3 and 5.1.4 of Item 5.1 of these Regulations.

5.10.2. For coordination of other methods, the insurer shall provide to the Bank of Russia: description of the methods for insurance reserve calculation planned by the insurer for application when forming the insurance reserves;

documents and calculations justifying the use of the methods proposed by the insurer for more precise calculation of the insurance reserves than envisaged by this Chapter.

5.10.3. Decision on coordination or refusal of coordination of other methods shall be taken by the Bank of Russia following the results of consideration of the documents provided by the insurer within 30 business days from the day of their receipt by the Bank of Russia.

5.10.4. The ground for the refusal by the Bank of Russia to coordinate other methods shall be non-provision of the documents and the calculations cited in Subitem 5.10.2 of this Item or provision of unreliable information.

5.10.5. In case of taking by the Bank of Russia of the decision on coordination of other methods, the insurer shall enter the information on that in the provision on the formation of insurance reserves.

5.10.6. If other methods agreed upon earlier are not applied in the calculation of insurance reserves, the insurer shall make amendments to the provision on the formation of insurance reserves.

5.10.7. If the insurer applies other methods agreed upon with the Bank of Russia, the insurer shall provide the documents and the calculations envisaged by Subitem 5.10.2 of this Item upon request of the Bank of Russia as of the documents specified in the request, within the term specified by the Bank of Russia.

If the insurer fails to provide the documents and the calculations envisaged by Subitem 5.10.2 of this Item within the term specified in the request of the Bank of Russia, it shall not apply other methods.

5.10.8. The documents and the calculation envisaged by Subitem 5.10.2 of this Item shall be provided by the insurer to the Bank of Russia together with the accompanying letter in the form of electronic documents bearing the encrypted digital signature of the authorised person of the insurer, via the online account, the link to which is given on the official website of the Bank of Russia, in the form of electronic documents bearing the encrypted digital signature of the person executing functions of the sole executive body of the insurance company or the person authorised by it, according to the procedure defined on the basis of Article 76.9 of the Federal Law on the Central Bank of the Russian Federation (the Bank of Russia).

Chapter 6. Calculation of the Standard Ratio of the Own Funds (Capital) to the Liabilities

6.1. The standard ratio of own funds (capital) to the liabilities of the insurance company (NS) (hereinafter - the standard ratio) shall be calculated by the formula:

$$NS = \frac{K + SZ}{\max(MRUK, NRMP + RK)}$$

where:

K - amount of own funds (capital) calculated in accordance with Chapter 1 of these Regulations;

SZ - residual value of the subordinated loans obtained by the insurance company, defined in accordance with Item 6.2 of these Regulations;

MRUK - the minimum amount of the authorised capital of the insurance company defined in accordance with Item 3 of Article 25 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation;

NRMP - the standard value of the solvency margin defined in accordance with Item 6.3 of these Regulations;

RK - estimation of the influence of risks on the own funds (capital) defined in accordance with Items 6.4 и 6.5 of these Regulations.

6.2. Residual value of the subordinated loans obtained by the insurance company shall be calculated by the formula:

$$SZ = \sum_{i=1}^{ChT} \frac{\min(N_i, 60)}{60} \times D_i$$

where:

ChT - number of the outstanding tranches of subordinated loans received by the insurance company;

D_i - outstanding nominal value (amount) of the i -th tranche of the subordinated loan;

N_i - number of full months to the date of repayment of the i -th tranche of the subordinated loan (0 - during the first three months from the day of the attraction).

The insurance company shall define the subordinated loans received by it and the amount of the subordinated loan to be accounted in calculation of the standard ratio, in the internal document.

6.3. NRMP shall be equal to the standard value of the solvency margin related to life insurance and the standard value of the solvency margin related to the non-life insurance.

6.3.1. The standard value of the solvency margin of the insurance company related to life insurance (N_{zh}) shall be calculated by the formula:

$$N_{zh} = 5\% \times \sum_i \left((DPP_i + DPU_i) \times Kzh_i \right)$$

where:

i - number of the reference group in accordance with Subitem 5.1.4 of Item 5.1 of these Regulations;

DPU_i, DPP_i - indicators calculated in accordance with Subitems 5.3.2 and 5.3.3 of Item 5.3 of these Regulations, Subitems 5.4.2-5.4.4 of Item 5.4 of these Regulations and Subitem 5.5.3 of Item 5.5 of these Regulations, on the reference group i ;

Kzh_i - auxiliary value calculated by the formula:

$$Kzh_i = \begin{cases} \max \left\{ 1 - \frac{DDPP_i + DDPUI_i}{DPP_i + DPU_i}; 0,85 \right\} & \text{for other reference groups} \\ 1 & \text{for reference groups 18 - 20} \end{cases}$$

where:

DDPP_i (DDPU_i) - share of the reinsurers in the premium (loss) reserve accounted in calculation of NRMP, on the reference group i, calculated in accordance with Item 5.6 of these Regulations.

6.3.2. The standard value of the solvency margin (N) of the insurance company on the non-life insurance shall be calculated by the formula:

$$N = \max(N_1; N_2) + (1-n) \times N_3 .$$

6.3.2.1. N₁ shall be calculated by the formula:

$$N_1 = \sum_i N_{1i} \times K_i ,$$

where:

i - number of the reference group in accordance with Subitem 5.1.3 of Item 5.1 of these Regulations;

K_i - adjustment ratio on the reference group i calculated in accordance with Subitem 6.3.2.4 of this Item.

N_{1i} - the first indicator on the reference group i calculated by the formula:

$$N_{1i} = 16\% \times \sum_j \left(\max\{P_j; 0\} \times \frac{1}{T_j} \right) ,$$

where:

j - insurance contract (except for the contracts, on which the liabilities are transferred within the transferred insurance portfolio) recognised in accordance with Subitem 5.1.10 of Item 5.1 of these Regulations during 12 months preceding the calculation date, inclusively, or recognised earlier but valid as of the calculation date, referred in accordance with Subitem 5.1.3 of Item 5.1 of these Regulations to the reference group i;

P_j - insurance premium under the insurance contract j net of the returns of a part of the insurance premium under such contract, decreased by the amount of deductions from the insurance premiums under the contract j, made by the insurance company in accordance with the insurance legislation of the Russian Federation, rules and standards of professional partnerships, unions and associations of insurance companies whose authority include accumulation of deductions by insurance companies from the insurance premiums and liabilities of the insurance company related to return of insurance premiums (insurance fees) under the insurance contract j;

T_j - sum of periods of validity of the insurance coverage under the insurance contract j (in years) rounded down to the integer number, if the sum is more than one year, and rounded up, if the sum is less than one year.

6.3.2.2. N₂ shall be calculated by the formula:

$$N_2 = \sum_i N_{2i} \times K_i ,$$

where:

i - number of the reference group in accordance with Subitem 5.1.3 of Item 5.1 of these Regulations;

N_{2i} - the second indicator on the reference group i calculated by data for 36 months preceding the calculation date, on the insurance contracts (except for the contracts, on which the liabilities are transferred within the transferred insurance portfolio) referred in accordance with Subitem 5.1.3 of Item 5.1 of these Regulations to the reference group i, and equal to 23 percent of one-third of the non-negative amount of:

insurance payments made, net of the receipts on subrogation, recourses and from sale of salvage material;

settlement costs;

change of DPU and RPVU under the insurance contracts, net of the change of the value of the rights to claim on subrogation and recourses and change of the value of assets in the form of the insured assets (their salvage material) received by the insurance company, the title to which the insurant (beneficiary) has waived in accordance with Item 5 of Article 10 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation.

If less than 3 years (36 months) have passed from the date of obtaining of the first licence for insurance, except for the licence for voluntary life insurance) by the insurance company to the calculation date, or less than three years (36 months) have passed from the date of obtaining of the licence for reinsurance by the reinsurance company to the calculation date, said companies shall not calculate the second indicator.

6.3.2.3. N_3 shall be calculated as the sum of auxiliary values of SR calculated in accordance with Annex 6 to these Regulations, on reference groups 5 and 11.

6.3.2.4. Adjustment ratio K_i shall be calculated on the basis of the data for 12 months preceding the calculation date on the contracts referred to the reference group i in accordance with Subitem 5.1.3 of Item 5.1 of these Regulations, as the ratio of the sum of:

insurance payments made, net of the due insurance payments under the outward reinsurance contracts concluded in respect of the liabilities on such insurance payments;

the value of the share of reinsurers in the receipts on subrogation, recourses and from sale of salvage material, defined by the terms of the outward reinsurance contracts, minus the receipts on subrogation, recourses and from sale of salvage material;

settlement costs, minus their indemnification by the reinsurers;

change of DPU and RPVU, minus the change of the share of the reinsurers in DPU and RPVU, accounted during the calculation of NRMP;

change of the share of the reinsurers in the amount of the rights to claim of the insurance company on subrogation and recourses and in the amount of the value of assets in the form of the received insured property (its salvage material), the title to which the insurant (beneficiary) has waived in accordance with Item 5 of Article 10 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation, net of the sum of change of the value of rights to claim of the insurance company on subrogation and recourses and the change of the value of assets in the form of the received insured property (its salvage material), the title to which the insurant (beneficiary) has waived in accordance with Item 5 of Article 10 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation, for the calculation period;

to the sum of:

the insurance payments made, net of the receipts on subrogation, recourses and from sale of salvage material;

settlement costs;

change of DPU and RPVU under the insurance contracts, net of the change over the

period of the value of the rights to claim on subrogation and recourses and change of the value of assets in the form of the insured property (its salvage material) received by the insurance company, the title to which the insurant (beneficiary) has waived in accordance with Item 5 of Article 10 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation. If no insurance payments were made in said period under the insurance contracts on an reference group, the adjustment ratio for such group shall be 1.

For calculation of the adjustment ratio, only the outward reinsurance contracts transferring the insurance risk shall be used. In such case, for reference group 3 only the outward reinsurance contracts concluded within the reinsurance pool agreement envisaged by Item 3 of Article 21.1 of the Federal Law on Compulsory motor third parties liability insurance shall be used.

If the numerator or denominator of the ratio in calculation of K_i on an reference group is negative, the adjustment ratio on such reference group shall be 1.

If the adjustment ratio on reference groups 1 and 2 is less than 0.85, it shall be taken equal to 0.85, and if more than 1 - equal to 1.

If the adjustment ratio on the reference group 3 is less than 0.95, it shall be taken equal to 0.05, and if more than 1 - equal to 1.

If the adjustment ratio on reference groups 5, 11, 13 and 17 is less than 0.15, it shall be taken equal to 0.15, if more than 1 - equal to 1.

If the adjustment ratio on the reference group 7 is less than 0.5, it shall be taken equal to 0.5, if more than 1 - equal to 1.

If the adjustment ratio on other reference groups is less than 0.3, it shall be taken equal to 0.3, if more than 1 - equal to 1.

6.3.2.5. For calculation of K_i cited in Subitem 6.3.2.4 of this Item and the auxiliary value SR defined in accordance with Annex 6 to these Regulations, only the outward reinsurance contracts acknowledged as transferring the insurance risk according to Subitem 6.3.4 of this Item shall be accounted:

for accounting of the insurance premium under the contract - as of the calculation date;

for accounting of the share of reinsurers in the payments made and in the expenses for fulfilment of liabilities - as of the date of receipt of the indemnification of the reinsurers or the arising of the right to claim, inclusively;

for accounting of the share of reinsurers in the receipts on subrogation, recourses and from sale of salvage material - as of the date of payment of such share to the reinsurer or recognition of the liability of payment of such share;

for accounting of the share of reinsurers in the amount of the rights to claim on subrogation and recourses and the share of reinsurers in the value of assets in the form of the received insured property (its salvage material), the title to which the insurant (beneficiary) has waived in accordance with Item 5 of Article 10 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation - as of the date of recognition of the liability of payment of the share.

6.3.3. For insurance companies insuring the responsibility of travel agencies in accordance with Federal Law No. 132-FZ of November 24, 1996 on the Fundamentals of the Travel Business in the Russian Federation or taking the liabilities on the insurance payments on the insurance cited in this Subitem for reinsurance (hereinafter - insurance of responsibility of the travel agency), the standard amount of the solvency margin shall be increased by the sum of the excess of the total liabilities of the net reinsurance on all contracts of insurance of responsibility of the travel agency valid as of the calculation date (in respect of each individual travel agency), calculated for each travel agency, over the indicator equal to 10 percent of the amount of own funds (capital) of the insurance company calculated in accordance with Chapter 1 of these Regulations.

The total amount of liability of net reinsurance shall be equal to the amount of the funds payable by the insurance company to the insured persons or beneficiaries under the insurance contracts, on condition of simultaneous occurrence of insured event in the size of the insured amount on all insurance contracts valid as of the calculation date, minus the shares of the reinsurers in such payments envisaged in the outward reinsurance contracts accounted during the calculation of NRMP.

6.3.4. An outward reinsurance contract shall be acknowledged as transferring the insurance risk as of the calculation date, if, according to the conditions of the outward reinsurance contract applicable as of the calculation date, it meets one of the following conditions:

6.3.4.1. The outward reinsurance contract is concluded within the reinsurance pool¹⁴ for reinsurance of risks of liability of a hazardous facility owner for infliction of damage as a result of an accident at the hazardous facility, liability of the carrier for infliction of damage to life, health or property of the passengers, motor third parties liability or of nuclear risks, on condition of joint responsibility of the pool participants taking such risks;

6.3.4.2. The outward reinsurance contract meets the following conditions simultaneously: there is no unqualified obligation, the amount of which depends on the financial result of the reinsurer under the outward reinsurance contract and/or the group of outward reinsurance contracts¹⁵, formed before the date of calculation of such liability. For the purpose of this paragraph, the financial result on the outward reinsurance contract as of the particular date shall be the sum of the cash flows, whose amount and the maturity are defined in accordance with such a contract before such date;

it is the proportional reinsurance contract¹⁶;

6.3.4.3. The outward reinsurance contract meets the following conditions simultaneously:

Subitem 6.3.4.3.1 shall be applied to the outward reinsurance contracts concluded before January 1, 2023, on condition of absence of the amendments to such contracts after January 1, 2023 (inclusively), from January 1, 2024

6.3.4.3.1. The actuary of the insurance company has calculated the ODP which is not less than 2.5 and calculated by the formula:

$$ODP \equiv \frac{P(AR < 0) \times |E(AR|AP < 0)|}{OP}$$

where:

AR - estimation as of the date of calculation of ODP of the function of distribution of the financial result of the reinsurer on the outward reinsurance contract in accordance with Subitem 6.3.5 of this Item, considering the time value of money;

P(AR<0) - AR-based estimation of the probability of negative financial result of the reinsurer on the outward reinsurance contract;

|E(AR|AR<0)| - the absolute value (module) of the estimated notional expected value of the financial result of the reinsurer on the basis of the AR, on condition of the negative financial result of the reinsurer;

OP - sum of the insurance premium on the outward reinsurance contract, paid by the insurance company as of the date of the ODP calculation and of other payments made by the

¹⁴ Item 1 of Article 14.1 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation.

¹⁵ Item 1 of Article 13 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation.

¹⁶ Item 9 of Article 13 of the Law of the Russian Federation on the Organisation of the Insurance Business in the Russian Federation.

insurance company for the benefit of the reinsurer under other contracts, the payments on which depend on the conditions of the outward reinsurance contract under consideration and the estimation as of the date of the ODP calculation of the present value of the expected insurance premium on the outward reinsurance contract not yet paid, and such payments. ODP shall be calculated as of any date, as of which the insurance reserves are calculated, but not earlier than the date of recognition of the outward reinsurance contract. Recalculation of the ODP is only possible in case of change of the conditions of the outward reinsurance contract;

6.3.4.3.2. The outward reinsurance contract envisages the condition of impossibility of netting of counter claims on such contract with any other contracts¹⁷ (including those not being the insurance and outward reinsurance contracts);

6.3.4.3.3. The outward reinsurance contract envisages making of the insurance payment on the outward reinsurance contract during not more than 6 months from the date of making by the insurance company of the insurance payment on the direct insurance contract.

6.3.5. The function of distribution of financial result of the reinsurer (AR) on the outward reinsurance contract shall be estimated on the basis of:

conditions of the outward reinsurance contract;

statistical data on execution of the contracts with the equivalent conditions (if any);

forecasted cash flows on the direct insurance contracts accounted in the calculation, built in accordance with Subitem 5.3.1 of Item 5.3 of these Regulations;

forecasted distribution of the insurance payments, premiums and expenses on the expected insurance contract portfolio covered by said outward reinsurance contract, taking into account the provisions of Subitem 6.3.7 of this Item;

estimated possible value of cash flows on the outward reinsurance contract brought to the date of the ODP calculation, considering the provisions of Subitem 6.3.6 of this Item.

6.3.6. Estimations of possible present value of cash flows on the outward reinsurance contract shall account all cash flows which may form according to the conditions of the outward reinsurance contract or conditions of other contracts, the payments under which depend on the conditions of the outward reinsurance contract under consideration (including dependence on the amount of responsibility of the reinsurer, the reinsurance claim paid or insurance premium on the outward reinsurance contract) and the probability of realisation of such possible present value of the cash flow. The sum of probabilities of realisation of possible present values of cash flows shall exceed 99.5 percent.

6.3.7. For assessment of the forecasted distribution of insurance payments, premiums and expenses on the expected insurance contract portfolio covered by the outward reinsurance contract under consideration, the insurance company shall forecast the number and the condition of the direct insurance contracts to be concluded by it and will fall under conditions of the outward reinsurance contract, basing on its business plan, and the actuary shall forecast the function of distribution of the amount and the terms for making of the insurance payments, considering the receipt of insurance premiums and expenses under such contracts.

The forecast of distribution of losses by the insurance contract portfolio shall not contradict the information provided by the insurance company to the Bank of Russia.

6.4. RK shall be calculated in respect of:

assets and liabilities defined in accordance with Chapter 1 of these Regulations, except for the assets whose value is acknowledged zero in accordance with Item 3.1 of these Regulations and the fixed-term transactions whose value is defined in accordance with paragraph 2 of Item 3.3 and paragraph 2 of Item 4.6 of these Regulations;

rights to claim as related to payment of the insurance premium (insurance fee) accounted in the cash flow forecast built in accordance with Subitem 5.3.1 of Item 5.3 of these Regulations.

¹⁷ Paragraph 6 of Article 411 of the Civil Code of the Russian Federation.

The value of such rights to claim shall be defined as the non-negative best estimate of the present value of cash flows in the part of receipt of insurance premiums (insurance fees) from the cash flow forecast built in accordance with Subitem 5.3.1 of Item 5.3 of these Regulations.

When calculating the RK, the group of legal entities related to the insurance company (legal entities being the parent companies and the subsidiaries), except for the reinsurer established in accordance with the legislation of the OECD member state, whose credit quality group defined in accordance with Subitem 6.5.2.2 of Item 6.5 of these Regulations takes the values from 1 to 6 and to which the liabilities on the insurance payment under direct insurance (reinsurance) contracts are transferred, shall be accounted as one legal entity which is the parent company of the group.

6.5. RK shall be calculated by the formula:

$$RK = \sqrt{\sum_{i,j} \text{corr}_{i,j} \times R_i \times R_j}$$

where:

i, j - summing up indexes taking the value 1 or 2;

$R_{i(j)}$ - estimation of the $i(j)$ -th risk;

$\text{corr}_{i,j}$ - the value of the correlation coefficient between risks i and j in accordance with table 12 of Annex 2 to these Regulations.

6.5.1. Risk estimation 1 shall be calculated by the formula:

$$R_1 = \sqrt{\sum_{i,j} \text{corr}_{i,j} \times R_{1i} \times R_{1j}}$$

where:

$R_{1i(j)}$ - risk estimation i by risk types $i(j)$:

concentration risk;

risk of change of the credit spread;

risk of change of interest rates;

risk of change of the value of shares;

risk of change of the foreign exchange rate;

risk of change of the real estate price;

risk of change of price of assets, the risk of whose change shall not be defined in the course of assessment of influence of the risks cited in paragraphs 6-8 and 10 of this Subitem;

$\text{corr}_{i,j}$ - value of the coefficient of correlation between the risk types i and j in accordance with table 13 of Annex 2 to these Regulations.

6.5.2. In the course of risk assessment:

6.5.2.1. cash flow forecast on each bond, each bank deposit, except for bank deposits cited in Item 3.2 of these Regulations, and each borrowing shall be built according to the conditions for fulfillment of liabilities on the asset to the nearest date, as of which such liabilities shall be completely fulfilled by the obligor according to the fulfillment conditions, and shall include the dates of the cash flows and their amounts. If the future flows on the asset are unknown, all future flows shall be equal to the last cash flow known as of the calculation date;

6.5.2.2. for determination of the credit quality group, the credit rating of the asset or the obligor established by the decision of the Board of Directors of the Bank of Russia shall be used. If there are credit ratings assigned by several credit rating agencies, including foreign ones, the credit rating which will be the basis for assignment of the credit quality group with the lowest

number shall be selected. If the asset has no credit rating, its credit quality group shall be defined as 19, if the asset is envisaged by paragraph 3 of Item 6.4 of these Regulations, and the obligor on it is a legal entity, in other cases - as the credit quality group of the obligor. If the asset has no credit rating, its credit quality group shall be defined as the credit quality group of the obligor. Individuals shall belong to credit quality group 15. Legal entities having no credit rating shall belong to the credit quality group 22.

6.5.3. Concentration risk (R_{1conc}) shall be estimated in accordance with Item 1 of Annex 1 to these Regulations.

6.5.4. The risk of change of the credit spread ($R_{1spread}$) shall be estimated in accordance with Item 2 of Annex 1 to these Regulations.

6.5.5. The risk of change of interest rates ($R_{1interest\ rate}$) shall be estimated in accordance with Item 3 of Annex 1 to these Regulations.

6.5.6. The risk of change of the value of shares ($R_{1equity}$) shall be estimated in accordance with Item 4 of Annex 1 to these Regulations.

6.5.7. The risk of change of real estate prices ($R_{1property}$) shall be estimated in accordance with Item 5 of Annex 1 to these Regulations.

6.5.8. The risk of change of the value of assets, the risk of change of whose value shall not be defined in the course of assessment of the influence of the risks cited in paragraphs 6-8 and 10 of Subitem 6.5.1 of this Item ($R_{1commodity}$) shall be estimated in accordance with Item 6 of Annex 1 to these Regulations.

6.5.9. The risk of change of the foreign exchange rate ($R_{1currency}$) shall be estimated in accordance with Item 7 of Annex 1 to these Regulations.

6.5.10. Risk 2 shall be estimated in accordance with Items 8-11 of Annex 1 to these Regulations, considering the following.

6.5.10.1. During risk 2 estimation, the concentration on the obligor shall be calculated for calculation of risk 2, which shall mean the total value of securities of the obligor, securities, on which the obligor is the surety (guarantor), rights to claim from the obligor (including the rights to claim under the bank account (deposit) agreement, the rights to claim return of securities and funds on the second part of the depo agreement, the share of the reinsurer in the insurance reserves and the rights to claim under the insurance contract in the part of payment of the insurance premium (insurance fees).

When calculating the concentration on the obligor, the following shall not be accounted for the purpose of calculation of risk 2:

assets, the obligor on which is the Russian Federation;

assets, the obligors on which are OECD member states having long-term credit rating of not less than "A" by the international rating scale S&P Global Ratings or Fitch Ratings or than "A2" by Moody's Investors Service;

advance payments made in accordance with the contract concluded for rendering to the insured persons of healthcare services under the insurance contracts and to healthcare companies and health resort companies contained in the List of health resort companies;

real estate and commodities;

advance payments on taxes and debt of budgets on taxes and duties;

rights to claim from infrastructure organisations, if such debt has formed because of making by such organisation of transactions during redemption of securities or carrying out of transactions with them;

rights to claim, on which the settlements are made under the agreement on direct claims settlement and agreements on reinsurance pools by compulsory types of insurance;

rights to claim regulated by the rules of professional activities;

rights to claim from the reinsurer under contracts on civil responsibility for loss and damage inflicted by radiation, during provision by said reinsurer of reinsurance within the pools

for insurance of nuclear risks on condition of joint responsibility of the pool participants taking such risks;

rights to claim related to payment of the insurance premium (insurance fees) on the longevity risk under life insurance contracts with the period of insurance coverage of more than 1 year if, according to the contract terms, the insurance contract shall be terminated from the date following the date established for payment of the next scheduled insurance fee in case of its non-payment by the insurant. The value of such rights to claim shall be defined as the non-negative best estimate of the present value of cash flows as related to the receipt of insurance premiums (insurance fees) belonging to the longevity risk under the insurance contract, from the cash flow forecast built in accordance with Subitem 5.3.1 of Item 5.3 of these Regulations. The procedure for definition of the part of the insurance premium (insurance fee) belonging to the longevity risk shall be determined in the provision on formation of the insurance reserves according to Item 5.8 of these Regulations.

6.5.10.2. The probability of default of the asset and the right to claim as related to payment of the insurance premium (insurance fees) under the contracts of non-life insurance and under life insurance contracts, if they do not include the risk of survival to a particular age or the period of validity of the insurance coverage under the life insurance contract is not more than one year (hereinafter - the right to claim under the insurance contract as related to payment of premium), for which the risk 2 estimation is conducted, shall be calculated as the product of the probability of default defined by table 1 of Annex 2 to these Regulations, proceeding from the credit quality group of the asset, the period to maturity and the coefficient z , divided by 365.

For the purpose of this Item, the period to maturity shall be:

for funds (including correspondent accounts and call accounts) and bank deposits cited in Item 3.2 of these Regulations - five days;

for rights to claim (including those under the insurance contract as related to payment of the premium) which, according to the contract, shall be satisfied within 365 days following the calculation date - the number of days to the day of satisfaction of claims;

in other cases - 365 days.

The probability of default of the obligor shall be defined by table 1 of Annex 2 to these Regulations, proceeding from the credit quality group of the obligor.

For the purpose of calculation of risk 2, the cash flows under the insurance contract with the maturity of more than 365 dates, starting from the calculation date, composing the right to claim under the insurance contract, shall be considered as one cash flow in the amount of the sum of such cash flows with the maturity of 365 days.

Coefficient z shall take the following values:

Coefficient 1 - for the rights to claim under the insurance contract as related to payment of premium under the non-life insurance contracts and under the life insurance contracts, if they do not include the risk of survival to a particular age, except for the contracts including only the risk of death and/or primary diagnosis of irreversible serious disease characterised by a high level of mortality and included in the list of socially important diseases approved by Decision of the Government of the Russian Federation No. 715 of December 1, 2004 on Approval of the List of Socially Significant Diseases and the List of Diseases Dangerous for Others (critical disease), with the insured amount on such risk of not less than one million rubles or with the period of validity of the insurance coverage of not more than one year;

Coefficient 2 - in other cases.

Coefficient z shall be defined by table 15 of Annex 2 to these Regulations.

6.6. The minimum allowable standard ratio shall be 1.

6.7. The threshold value of the standard ratio shall be 1/05.

6.8. The documents containing the information necessary for calculation of the standard solvency margin in accordance with Item 6.3 of these Regulations and calculation of ODP in

accordance with Subitem 6.3.4.3.1 of Item 6.3 of these Regulations, including all data and calculation of all indicators used in the calculations, shall be stored by the insurance in the Russian Federation for not less than five years from the calculation date.

Chapter 7. Final and Transitional Provisions

7.1. The requirements of these Regulations shall not be applicable to foreign insurance companies.

7.2. The calculations in accordance with these Regulations shall be made with the accuracy of not less than 10 decimals, using the mathematical rounding.

7.3. The value of assets and liabilities defined in accordance with these Regulations and expressed in foreign currency shall be converted into rubles at the rate of the respective foreign currency set by the Bank of Russia, as of the calculation date, unless the legislation of the Russian Federation or the agreement establishes otherwise.

If the values of the insurance premium, insurance payment, amount of receipts on subrogation, recourses and from sale of salvage material are accounted in calculation of the indicators envisaged by Subitem 5.5.5 of Item 5.5, by Subitem 6.3.2 of Item 6.3 of these Regulations, Items 1, 7, 8 of Annex 3, Items 2 and 3 of Annex 4, Items 3 and 4 of Annex 5 and Items 3 and 4 of Annex 6 to these Regulations in the currency other than the currency of the nominal value:

the insurance payment (amount of receipts on subrogation, recourses and from sale of salvage material) shall be calculated in the currency other than the currency of the nominal value with the use of the exchange rate of the foreign currency set by the Bank of Russia, as of the date of the insurance payment (receipt), unless the legislation of the Russian Federation or the insurance contract establishes otherwise;

the insurance premium shall be calculated in the currency other than the currency of the nominal value with the use of the foreign currency exchange rate set by the Bank of Russia, as of the date of receipt of the insurance premium (insurance fee), unless the legislation of the Russian Federation or the insurance contract establishes otherwise.

7.4. For the purpose of calculation of the indicators envisaged by these Regulations, the cash outflows shall be accounted with a "-" (minus), and the cash inflows - with a "+" (plus), except for accounting of cash flows in accordance with paragraph 17 of Subitem 5.3.1 of Item 5.3 of these Regulations.

7.5. These Regulations shall be officially published and, according to the decision of the Board of Directors of the Bank of Russia (minutes of meeting of the Board of Directors of the Bank of Russia No. PSD-27 of November 9, 2021), shall enter into force on January 1, 2023, except for paragraph 3 of Subitem 3.1.2 of Item 3.1 of these Regulations.

Paragraph 3 of Subitem 3.1.2 of Item 3.1 of these Regulations shall enter into force on July 1, 2023.

7.6. Paragraph 2 of Subitem 3.1.2 of Item 3.1 of these Regulations shall be valid until June 30, 2023.

7.7. The methods for calculation of insurance reserves agreed on by the insurers with the Bank of Russia before the date of entry into force of these Regulations shall not be applied.

7.8. If the standard solvency margin of the insurance company on the non-life insurance is calculated, in accordance with Subitem 6.3.2 of Item 6.3 of these Regulations with the use of data as of the dates to December 31, 2022 (inclusively):

on the reference groups other than groups 2.1 and 2.2, for calculation of DPU and RPVU under the insurance contracts, the sums of loss reserves on the respective reference group in accordance with the data of the supervisory reporting for reporting periods until December 31,

2022 (inclusively) shall be used;

on the reference groups other than groups 2.1 and 2.2, the value of the share of the reinsurers in the loss reserves in accordance with the data of the supervisory reporting for reporting periods until December 31, 2022 (inclusively) shall be used as the value of share of the reinsurers in DPU and RPVU;

on reference groups 2.1 and 2.2, for calculation of DPU under the insurance contracts, the share of the sum of the loss reserves which shall be referred to reference group 2.1 (2.2), in the total amount of the loss reserves according to the data of the supervisory reporting for reporting periods until December 31, 2022 (inclusively), on reference group 2 established in the provision on the formation of insurance reserves applicable as of the respective reporting date, shall be used;

on reference groups 2.1 and 2.2, the part of the sum of shares of the reinsurers in the loss reserves which shall be referred to reference group 2.1 (2.2), in the total sum of shares of the reinsurers in the loss reserves in accordance with the data of the supervisory reporting for reporting periods until December 31, 2022 (inclusively), on reference group 2 established in the provision on the formation of the insurance reserves applicable as of the respective reporting date, shall be used as the value of the share of the reinsurers in the DPU.

As of the dates until December 31, 2022 (inclusively), not coinciding with the reporting periods, the data on insurance reserves and the share of the reinsurers in the insurance reserves shall be taken equal to the data as of the end of the nearest preceding reporting period.

7.9. Subitem 6.3.4.3.1 of Item 6.3 of these Regulations shall be applied to the outward reinsurance contracts concluded before January 1, 2023, on condition of absence of the amendments to such contracts after January 1, 2023 (inclusively), from January 1, 2024.

7.9.1. For the purpose of Chapter 2 of these Regulations as related to investment of insurance reserves of insurers, the funds of insurance reserves shall mean the value of the insurance reserves net of the auxiliary amount of ENP, until December 31, 2025.

From January 1, 2023 to December 31, 2023 inclusive, Item 7.9.2 does not apply - a Decision of the Board of Directors of the Bank of Russia dated December 23, 2022

7.9.2. Provisions of Subitem 3.1.13 of Item 3.1 of these Regulations shall not be applicable to the rights to claim payment of the overdue debt on securities caused by the non-fulfillment of liabilities by international settlement and clearing centers Euroclear Bank (Brussels) and Clearstream Banking (Luxemburg) on the securities acquired before April 14, 2022, and to the rights to claim to the reinsurer related to payment of the overdue debt on its share in the loss paid up by the insurer, with the maturity after February 1, 2022 under the reinsurance contracts concluded before April 14, 2022.

From January 1, 2023 to December 31, 2023 inclusive, Item 7.9.3 does not apply - a Decision of the Board of Directors of the Bank of Russia dated December 23, 2022

7.9.3. The value of the rights to claim for payment of overdue debt on securities caused by the non-fulfillment of liabilities by international settlement and clearing centers Euroclear Bank (Brussels) and Clearstream Banking (Luxemburg) on the securities acquired before April 14, 2022, and the rights to claim to the reinsurer for payment of overdue debt on its share in the loss paid up by the insurer, with the maturity after February 1, 2022 under the reinsurance contracts concluded before April 14, 2022, shall be taken equal to the product of their value by the data of accounting of the insurance company, disregarding the impairment reserve and the coefficient cited in table 16 of Annex 2 to these Regulations.

7.10. The following shall be invalidated from the day of entry of these Regulations into force:

Regulations of the Bank of Russia No. 557-P of November 16, 2016 on the Rules for the Formation of the Insurance Reserves for Life Insurance, registered by the Ministry of Justice of the Russian Federation on December 29, 2016 under No. 45055;

Regulations of the Bank of Russia No. 558-P of November 16, 2016 on the Rules for Forming of Insurance Reserves on Non-Life Insurance, registered by the Ministry of Justice of the Russian Federation on December 29, 2016 under No. 45054;

Regulations of the Bank of Russia No. 710-P of January 10, 2020 on Particular Requirements for the Financial Stability and Solvency of Insurers, registered by the Ministry of Justice of the Russian Federation on April 23, 2020 under No. 58186;

Direction of the Bank of Russia No. 5745-U of March 2, 2021 on Amending Regulations of the Bank of Russia No. 558-P of November 16, 2016 On the Rules for Forming of Insurance Reserves on Non-Life Insurance, registered by the Ministry of Justice of the Russian Federation on April 6, 2021 under No. 63016;

Direction of the Bank of Russia No. 5771-U of April 6, 2021 on Amending Regulations of the Bank of Russia No. 710-P of January 10, 2020 on Particular Requirements for the Financial Stability and Solvency of Insurers, registered by the Ministry of Justice of the Russian Federation on May 13, 2021 under No. 63407.

Chairperson
of the Central Bank
of the Russian Federation

E.S. Nabiullina

Registered with the Ministry of Justice of the Russian Federation on April 4, 2022
Registration No. 68049

Annex 1
to Regulations of the Bank of Russia
No. 781-P
of November 16, 2021 on the Requirements for Financial
Stability and Solvency
of Insurers

Risk estimations used to calculate RK

With the Amendments and Additions of:

September 22, 2022

1. Concentration risk (R_{1conc}) shall be estimated by the formula:

$$R_{1conc} = \sqrt{\sum_{i,j} corr_{ij} \times Conc_i \times Conc_j} + Conc_{Re}$$

;

$corr_{i,j}=1,$

where:

$Conc_{i(j)}$ means estimation of the concentration risk for each $i(j)$ -th obligor (1), real estate units (2), as calculated by the formula:

$$Conc_i = \max(0; E_i - CT_i \times Assets),$$

where:

$E_i(1)$ means the concentration on the obligor: the total value of the securities of the i -th obligor, securities under which the obligor is a guarantor, rights of claim against the obligor (including rights of claim under a bank account (deposit) agreement, rights of claim for the return of securities and cash under the second part of the repo, the reinsurer's share in the insurance reserves, the rights of claim under the insurance contract in terms of payment of the insurance premium), except for:

rights of claim of the insurance company against the i -th obligor being a reinsurer, in terms of payment of its share in insurance compensation payments for insured events notified to the insurance company before the settlement date, including the debt of the i -th obligor to pay its share in insurance claims payments made before the settlement date in accordance with the contract of outward reinsurance, and the share of the i -th obligor being the reinsurer in insurance claim payments after the settlement date for insured events under which insurance payments are expected;

the share of the i -th obligor in the payment of insurance compensation for insured events, which has not yet been paid, calculated in accordance with Item 2.7 of these Regulations;

shares of the reinsurer – the i -th obligor, which is the national reinsurance company;

assets under which the Russian Federation is the obligor;

debt of the i -th obligor that is an infrastructure institution if such debt is due to the implementation by the infrastructure institution of operations within the redemption of securities or transactions therewith;

rights of claim which are settled under a contract on direct compensation for losses, contracts on reinsurance pools for compulsory types of insurance;

rights of claim regulated by the rules of professional activity;

the rights of claim against the reinsurer under civil liability insurance contracts for losses and damage caused by radiation exposure, when the said reinsurer reinsures as part of nuclear risk insurance pools, subject to joint and several liability of the pool participants assuming such risks;

rights of claim under an insurance contract in terms of payment of a premium attributable to longevity risk under life insurance contracts with an insurance coverage period exceeding one year, where under the contract, if the insured fails to pay the next insurance premium, the insurance contract is terminated from the date set for payment of this insurance contribution;

$E_i(2)$ means the total value of all real estate units;

Assets means the value of the assets of the insurance company calculated in accordance with Chapter 3 of these Regulations, based on the assets specified in Chapter 1 of these Regulations, and the cost of claims under the insurance contracts taken into account in the calculation in terms of premium. The value of the right to claim under an insurance contract in terms of premium is determined as a non-negative best estimate of the value of cash flows in terms of receipt of insurance premiums (except for insurance premiums attributable to longevity risk) under an insurance contract from a cash flows forecast made in accordance with Subitem 5.3.1 Item 5.3 of these Regulations;

$CT_i(1)$ means the concentration coefficient per obligor if the i-th obligor is a reinsurer established in accordance with the laws of an OECD member state, where such reinsurer has a credit quality group from 1 to 6 determined in accordance with Subitem 6.5.2.2 Item 6.5 of these Regulations, and such reinsurer is entrusted the reinsurance of obligations for insurance payment under insurance contracts (outward reinsurance), equal to 50 percent. For obligors not listed in this Paragraph, the concentration coefficient is determined in accordance with Table 9 of Annex 2 to these Regulations;

$CT_i(2)$ means concentration coefficient for real estate units equal to 25 percent;

$Conc_{Re}$ means total assessment of the concentration risk for reinsurers determined by the formula:

$$Conc_{Re} = \max \left(0; \sum_{i=1}^R E_i - k_{Re} \times Assets \right)$$

where:

R means the number of reinsurers to whom insurance claim obligations are transferred for reinsurance;

k_{Re} means coefficient equal to 20 percent for insurance companies licensed to carry out voluntary life insurance, and 60 percent for other insurance companies.

2. Credit spread risk assessment ($R_{1spread}$) is determined in relation to the reserve of investment liabilities, bonds, bank deposits, except for bank deposits specified in Item 3.2 of these Regulations, loans, fixed-term transactions according to the formula:

$$R_{1spread} = \sum_{m=1}^M (MD_m \times P_m \times S_m) + \Delta Derivative_{cs} - \Delta reserve_{spread}^{og}$$

where:

M means the number of bonds (bank deposits, loans), except for government bonds of the Russian Federation, government bonds of OECD member states, with a long-term credit rating

of at least "A" according to the international rating scale by S&P Global Ratings or Fitch Ratings or at least "A2" according to the international rating scale by Moody's Investors Service (hereinafter, the 'instrument' for the purposes of this Clause);

S_m means coefficient of change in the credit spread depending on the credit quality group of the instrument m determined according to Table 2 of Annex 2 to these Regulations;

P_m means the value of the instrument, including the accumulated interest (coupon) income, determined in accordance with Chapter 3 of these Regulations;

MD_m means modified duration of the instrument (except for bonds with no maturity) determined by the formula:

$$MD_m = \sum_{j=1}^J \frac{\frac{(d_j - d)}{365} \times CF_j}{(1 + YTM)^{\frac{d_j - d}{365}}} \times \frac{1}{P_m \times (1 + YTM)}$$

where:

j means reference number of the next cash flow from the settlement date;

J means number of cash flows;

CF_j means amount of cash flow j ;

d_j means date of cash flow j ;

d means settlement date;

MD_m means modified duration of the bond with no maturity determined by the formula:

$$MD_m = \frac{1}{YTM}$$

where:

YTM means effective yield, which is determined by:

$$P_m = \sum_{j=1}^J \frac{CF_j}{(1 + YTM)^{\frac{d_j - d}{365}}}$$

formula
with no maturity);

– for the instrument (except for bonds

formula
annual coupon;

$YTM = \frac{C}{P_m}$ – for the bonds with no maturity, where C - value of such bond

$\Delta Derivative_{cs}$ means the difference between the value of fixed-term transactions and the value of fixed-term transactions determined in the event of a change in the value (cost) of the subject(s) of fixed-term transactions based on the change in the value of the credit spread in accordance with Table 2 of Annex 2 to these Regulations, corresponding to the credit quality group of such subjects of fixed-term transactions. For fixed-term transactions that are an obligation for an insurance company, the specified difference is accepted with a "-" (minus) sign. For exchange-traded derivative financial instruments that provide for the transfer of a variation margin, the $\Delta Derivative_{cs}$ indicator is equal to the value of the variation margin under such contract calculated taking into account the change in the value (cost) of the underlying asset (underlying assets) based on the change in the value of the credit spread in accordance with Table 2 of Annex 2 to these Regulations corresponding to the credit quality group of this (these) underlying asset(s) payable by the insurance company. If the specified variation margin is receivable by an insurance company, it is accepted with a "-" (minus) sign;

$\Delta reserve_{spread}^{og}$ means the difference between the value of the reserve of investment liabilities determined in accordance with the requirements of Subitem 5.3.5 Item 5.3 of these Regulations, and the value of the reserve of investment liabilities determined in accordance with the requirements of Subclause 5.3.5 of Clause 5.3 of these Regulations, in the event of a change in the value of the asset, which, in accordance with an insurance contract leads to a change in the value of the reserve for investment obligation based on a change in the value of the credit spread in accordance with Table 2 of Annex 2 to these Regulations, corresponding to the credit quality group of this asset.

If the value of the reserve for investment obligation is determined based on the value of an asset that depends on an index calculated on the basis of a change in the value (cost) of other assets, for the purposes of this Clause, the index is considered as assets used to calculate the index.

3. Interest rate risk assessment ($R_{1interest\ rate}$) is determined in relation to bonds, bank deposits, except for bank deposits specified in Item 3.2 of these Regulations, loans, fixed-term transactions, and the values of insurance reserves and the share of reinsurers in insurance reserves are determined by the formula:

$$R_{1interest\ rate} = \max\left(R_{1interest\ rate}^{up}, R_{1interest\ rate}^{down}\right),$$

where:

$$R_{1interest\ rate}^{up,down} = \sum_{m=1}^M \left(MD_m \times P_m \times R_{Frates}_m \times R_m^{up,down} \right) + \Delta Derivative_{interest\ rate}^{up,down} - \Delta reserve_{interest\ rate} \left(R_m^{up,down} \right),$$

where:

M means the number of bonds (bank deposits, loans) (hereinafter in this Item, the 'instrument');

MD_m means determined pursuant to Paragraphs seven to twenty of Item 2 of this Annex;

P_m means value of instrument m, including accrued interest (coupon) income;

$R_m^{\text{up,down}}$ - auxiliary indicator calculated by the formula:

$$R_m^{\text{up,down}} = \begin{cases} RK_{0.25}^{\text{up,down}}, & \text{if } L_m \leq 0,25 \\ RK_F^{\text{up,down}} + \frac{L_m - F}{F_{+1} - F} \times (RK_{F+1}^{\text{up,down}} - RK_F^{\text{up,down}}), & \text{if } 0,25 < L_m < 30 \\ RK_{30}^{\text{up,down}}, & \text{if } L_m \geq 30 \end{cases}$$

where:

L_m means the term of the cash flow included in the cash flow forecast for the main insurance contracts taken into account in the calculation, built in accordance with the requirements of Subitem 5.3.1 of Item 5.3 of these Regulations, or in the cash flow forecast for outward reinsurance contracts taken into account in the calculation, built in accordance with the requirements of Subitem 5.6.1 Item 5.6 of these Regulations, or a modified tool duration m ;

$F(F_{+1})$ means maximum (minimum) term of those in Tables 3 and 4 of Annex 2 to these Regulations, not exceeding (exceeding) L_m , in years;

$RK_{0.25}^{\text{up,down}}$, $RK_{30}^{\text{up,down}}$ means relative increase (up) or decrease (down) of interest rates for terms of 0.25 years, 30 years and the currency of the deposit (loan) or the face value of the bond, the currency of the sum insured in the insurance contract, the currency of the face value of the subject of a fixed-term transaction (in the absence of a face value — currency of payments under a fixed-term transaction) (hereinafter, the 'currency of the interest rate'), specified in Tables 3 and 4 of Annex 2 to these Regulations;

$RK_F^{\text{up,down}}$, $RK_{F+1}^{\text{up,down}}$ means a relative up or down of interest rates specified in Tables 3 and 4 of Annex 2 to these Regulations, for term F and interest rate currency;

$RFrate_m$ means interest rate calculated by the formula:

$$RFrate_m = \begin{cases} RK_{D_{min}}, & \text{if } L_m \leq D_{min} \\ RK_V + \frac{L_m - V}{V_{+1} - V} \times (RK_{V+1} - RK_V), & \text{if } D_{min} < L_m < D_{max} \\ RK_{D_{max}}, & \text{if } L_m \geq D_{max} \end{cases}$$

where:

$D_{min}(D_{max})$ means minimum (maximum) term for which the level of zero-coupon interest rates of government securities is determined for the corresponding interest rate currency, in years;

$V(V_{+1})$ means the maximum (minimum) term for which the value of the zero-coupon yield curve is known, not exceeding (exceeding) L_m , in years;

RK_V means the level of interest rates for term V determined as of the settlement date. If the interest rate currency is the Russian ruble, the zero-coupon yield curve of federal government bonds is used, which values published on PJSC Moscow Exchange website in the Internet, in other cases - the zero-coupon yield curve of US government securities, which daily indicators are published on the US Department of the Treasury website in the Internet;

$\Delta Derivative_{interest\ rate}^{up,down}$ means the difference between the value of fixed-term transactions and the value of fixed-term transactions determined in the event of a change in the value (cost) of the subject(s) of fixed-term transactions based on an up or down in the level of the interest

rate by the indicator $R_m^{up,down}$. For fixed-term transactions that are an obligation for an insurance company, the specified difference is accepted with a "-" (minus) sign. For exchange-traded derivative financial instruments that provide for the transfer of a variation margin, the indicator

$\Delta Derivative_{interest\ rate}^{up,down}$ is equal to the value of the variation margin under such contract calculated taking into account the change in the value (cost) of the underlying asset (underlying assets) based on the increase (up) or decrease (down) of the interest rate by the indicator

$R_m^{up,down}$ payable by the insurance company. If the specified variation margin is receivable by an insurance company, it is accepted with a "-" (minus) sign;

$\Delta reserve_{interest\ rate} \left(R_m^{up,down} \right)$ means the difference between the value of insurance reserves less the auxiliary value ENP and less the value of the share of reinsurers in insurance reserves and the value of insurance reserves less the auxiliary value ENP and less the share of reinsurers calculated in the event of a change in the level of interest rate by the indicator

$R_m^{up,down}$ and (if necessary) the corresponding changes in the value of an asset, which value change, in accordance with the insurance contract, leads to a change in the value of the reserve for investment obligation.

If the value of the reserve for investment obligation is determined based on the value of an asset that depends on an index calculated on the basis of a change in the value (cost) of other assets, for the purposes of this Clause, the index is considered as assets used to calculate the index.

4. Assessment of the risk of changes in the value of shares ($R_{1equity}$) is determined in relation to shares, fixed-term transactions, issuer options, other contacts, with payments depending on the value of shares, the reserve of investment obligations, according to the formula:

$$R_{1equity} = \max \left(R_{Equp}, R_{Eqdown} \right),$$

where:

$$R_{Equp,down} = \max \left(- \sum_{m=1}^M P_m \times I_m^{up,down} + \Delta Derivative_{Equp,down} - \Delta reserve_{Equp,down}, 0 \right),$$

where:

M means number of shares;

P_m means value of the m-th share;

$I_m^{up,down}$ means the coefficient of increase (decrease) in the value of the m-th share determined pursuant to Table 5 of Annex 2 to these Regulations, depending on the laws of the

issuer registration country. If the issuer of shares is registered in accordance with the laws of the Russian Federation, coefficient 1 is used, otherwise - coefficient 2;

$\Delta Derivative_{Eq\ up,down}$ means the difference between the value of fixed-term transactions, issuer options, other contracts, with payments depending on the value of shares, and the value of such contracts determined in the event of a change in the value (cost) of the subject (subjects) of fixed-term transactions based on an increase (decrease) in the value of shares in accordance with Table 5 of Annex 2 to these Regulations. If the issuer of shares is registered in accordance with the laws of the Russian Federation, coefficient 1 is used, otherwise - coefficient 2. For fixed-term transactions that are an obligation for an insurance company, the specified difference is accepted with a "-" (minus) sign. For exchange-traded derivative financial instruments that provide for the transfer of variation margin, the indicator $\Delta Derivative_{Eq\ up,down}$ is equal to the value of the variation margin under the exchange-traded derivative calculated taking into account the change in the value (cost) of the underlying asset(s) based on the increase (decrease) in the share value in accordance with Table 5 of Annex 2 to these Regulations payable by the insurance company. If the specified variation margin is receivable by an insurance company, it is accepted with a "-" (minus) sign;

$\Delta reserve_{Eq\ up,down}^{og}$ means the difference between the value of the reserve for investment obligation determined in accordance with the requirements of Chapter 5 of these Regulations and the value of the reserve for investment obligation determined in accordance with the requirements of Chapter 5 of these Regulations in the event of a change in the value of an asset, which value change, in accordance with the insurance contract, leads to a change the value of the reserve of investment obligations based on the increase (decrease) in the value of shares in accordance with Table 5 of Annex 2 to these Regulations. If the issuer of shares is registered in accordance with the laws of the Russian Federation, coefficient 1 is used, otherwise - coefficient 2.

5. The risk of changes in real estate prices ($R_{1property}$) is assessed for real estate, fixed-term transactions, reserve of investment liabilities by the formula:

$$R_{1property} = \Delta Derivative_{property} - \Delta reserve_{property}^{og} + \sqrt{(pr_1 \times P_1^*)^2 + 1.5 \times (pr_1 \times P_1^*) \times (pr_2 \times P_2^*) + (pr_2 \times P_2^*)^2},$$

where:

$\Delta Derivative_{property}$ means the difference between the value of fixed-term transactions and the value of fixed-term transactions determined in the event of a change in the value (cost) of the subject(s) of fixed-term transactions based on a decrease in the value of real estate in accordance with Table 7 of Annex 2 to these Regulations. For fixed-term transactions that are an obligation for an insurance company, the specified difference is accepted with a "-" (minus) sign. For exchange-traded derivative financial instruments that provide for the transfer of variation margin, the indicator $\Delta Derivative_{property}$ is equal to the value of the variation margin under such contract calculated taking into account the change in the value (cost) of the underlying asset(s) based on the decrease in the value of real estate in accordance with Table 7 of Annex 2 to these Regulations payable by the insurance company. If the specified variation margin is receivable by

an insurance company, it is accepted with a "-" (minus) sign;

$\Delta reserve_{property}^{og}$ means the difference between the value of the reserve for investment liabilities and the value of the reserve for investment liabilities determined in the event of a change in the value of an asset, which value change, in accordance with the insurance contract, leads to a change in the value of the reserve for investment liabilities based on a decrease in the value of real estate in accordance with Table 7 of Annex 2 to these Regulations;

$pr_{1(2)}$ means depreciation coefficient for residential (non-residential) real estate in accordance with Table 7 of Annex 2 to these Regulations;

$P_{1(2)}^*$ means the total cost of residential (non-residential) real estate, including the cost of land plots (lease rights to land plots) on which the said real estate is located.

6. Risk of change of the value of assets, which value change risk is not be defined in the assessment of the influence of the risks specified in Paragraphs six to eight and ten of Subitem 6.5.1 of Item 6.5 of these Regulations ($R_{1commodity}$), is calculated by the formula:

$$R_{1commodity} = \max(R_{comup}, R_{comdown}), \text{ where}$$

$$R_{comup,down} = \max\left(-\sum_{m=1}^M P_m \times c_{up,down} + \Delta Derivative_{comup,down} - \Delta reserve_{comup,down}^{og}, 0\right)$$

where:

M means the number of assets to which the types of risk specified in Paragraphs six to eight and ten of Subitem 6.5.1 Item 6.5 of these Regulations are not applicable, except for bank deposits specified in Item 3.2 of these Regulations, the share of reinsurers in insurance reserves, fixed-term transactions, debts to the insurance companies, including advance payments and debts on taxes and fees;

$c_{up,down}$ means the coefficient of increase (decrease) in the value of assets, which value change risk is not subject to assessment as part of the assessment of the impact of risks specified in Paragraphs six to eight and ten of Subitem 6.5.1 Item 6.5 of these Regulations determined in accordance with Table 8 of Annex 2 to these Regulations. If the asset is a commodity specified in Paragraph four of Subitem 3.1.2 Item 3.1 of these Regulations, or is a fixed-term transaction, which underlying asset is refined gold, coefficient 1 is used, otherwise - coefficient 2;

P_m means value of the m-th asset;

$\Delta Derivative_{comup,down}$ means the difference in the cost of fixed-term transactions and contracts to which types of risk 1 are not applicable, specified in Paragraphs six to eight and ten of Subitem 6.5.1 Item 6.5 of these Regulations, and payments for which are determined depending on the change in value of assets to which the types of risk 1 specified in Paragraphs six to eight and ten of Subitem 6.5.1 Item 6.5 of these Regulations are not applicable, and the value of such contracts, determined in the event of a change in the value (cost) of the subject(s) of fixed-term transactions based on a decrease in value of such assets in accordance with Table 8 of Annex 2 to these Regulations. For fixed-term transactions that are an obligation for an insurance company, the specified difference is accepted with a "-" (minus) sign. For exchange-traded derivative financial instruments that provide for the transfer of variation margin, the indicator $\Delta Derivative_{commodity}$ is equal to the value of the variation margin under exchange-traded derivative calculated taking into account the change in the value (cost) of the

underlying asset(s) based on the decrease in the value of such assets in accordance with Table 8 of Annex 2 to these Regulations payable by the insurance company. If the specified variation margin is receivable by an insurance company, it is accepted with a "-" (minus) sign;

$\Delta reserve_{com}^{og}_{up,down}$ means the difference between the value of the reserve of investment liabilities and the value of the reserve of investment liabilities determined in the event of a change in the value of assets, which value change risk is not subject to determination as part of the assessment of the impact of the risks specified in Paragraphs six to eight and ten of Subitem 6.5.1 Item 6.5 of these Regulations, which value change, in accordance with the insurance contract, leads to a change in the value of the reserve for investment liabilities based on a decrease in the value of such assets in accordance with Table 8 of Annex 2 to these Regulations.

7. The risk of changes in FX rate ($R_{1currency}$) is assessed by the formula:

$$R_{1currency} = \max\left(R_{1currency}^{up}, R_{1currency}^{down}\right),$$

where:

$R_{1currency}^{up,down}$ means assessment of the risk of changes in the exchange rate in case of increase (up) or decrease (down) of the exchange rate, determined by the formula:

$$R_{1currency}^{up,down} = \max\left(R_{1currency\ assets}^{up,down} - R_{1currency\ liabilities}^{up,down}, 0\right) + \Delta Derivative_{currency}^{up,down},$$

where:

$$R_{1currency\ assets}^{up,down} = P_a - P_a^{up,down};$$

$$R_{1currency\ liabilities}^{up,down} = P_l - P_l^{up,down};$$

P_a means the total value of the assets of the insurance company determined in foreign currency or in accordance with the contract depending on the foreign exchange rate, excluding fixed-term transactions calculated in accordance with Chapter 3 of these Regulations;

$P_a^{up,down}$ means the total value of the assets of the insurance company determined in foreign currency or, in accordance with the contract, depending on the foreign exchange rate, excluding fixed-term transactions calculated in accordance with Chapter 3 of these Regulations, in the event of an increase (up) or decrease (down) in the exchange rate of a foreign currency on the indicator specified in Table 6 of Annex 2 to these Regulations;

P_l means the total cost of the obligations of the insurance company determined in foreign currency or, in accordance with the contract, depending on the foreign exchange rate calculated in accordance with Chapter 4 of these Regulations, excluding fixed-term transactions;

$P_l^{up,down}$ means the total cost of the obligations of the insurance company determined in foreign currency or, in accordance with the contract, depending on the foreign exchange rate, excluding fixed-term transactions calculated in accordance with Chapter 4 of these Regulations,

in the event of an increase (up) or decrease (down) in the exchange rate of a foreign currency on the indicator specified in Table 6 of Annex 2 to these Regulations;

$\Delta Derivative_{currency}^{up,down}$ means the difference between the value of fixed-term transactions and the value of fixed-term transactions determined in the event of a change in the value (cost) of the subject(s) of fixed-term transactions based on an increase (up) or decrease (down) in the FX rate in accordance with Table 6 of Annex 2 to these Regulations. For fixed-term transactions that are an obligation for an insurance company, the specified difference is accepted with a "-" (minus) sign. For exchange-traded derivative financial instruments that provide for the transfer of variation margin, the indicator $\Delta Derivative_{currency}^{up,down}$ is equal to the value of the variation margin under the derivative calculated taking into account the change in the value (cost) of the underlying asset(s) based on the increase (up) or decrease (down) in the FX rate in accordance with Table 6 of Annex 2 to these Regulations payable by the insurance company. If the specified variation margin is receivable by an insurance company, it is accepted with a "-" (minus) sign.

8. Risk assessment 2 is calculated by the formula:

$$R_2 = \sqrt{\sum_{i,j} R_{2credit_i} \times R_{2credit_j} \times corr_{i,j}} + R_{2credit}^*$$

where:

$corr_{i,j}$ means the value of the risk correlation coefficient 2 between the categories of counterparties i and j in accordance with Table 14 of Annex 2 to these Regulations;

$R_{2credit_i}$, $R_{2credit_j}$ - risk assessment 2 for the category of counterparties with number i (j);

From January 1, 2023 to December 31, 2023, the indicator $R_{2credit}^*$ is defined as the total value of claims under the insurance contracts taken into account in the calculation in terms of payment of the insurance premium (s), if there is a delay in the payment of the insurance premium (s) under insurance contracts for a period of more than 30 business days from the date of payment of the insurance premium (s) specified in the insurance contract

$R_{2credit}^*$ means the total cost of claims under the insurance contracts taken into account in the calculation in terms of payment of the insurance premium(s) if there is a delay in the payment of the insurance premium(s) under insurance contracts for property pledged under a mortgage agreement, life and health insurance of the borrower, insurance against accidents and illnesses of the borrower when granting a consumer credit (loan), in the event the borrower's obligations are secured by a mortgage, the liability insurance of the borrower, who is a debtor under a mortgage-secured obligation, with an insurance coverage period of more than one year for a period of more than 30 business days from the date of payment of the insurance premium(s) specified in the insurance contract, under other insurance contracts - for a period of more than 5 business days from the date of payment of the insurance premium(s) specified in the insurance contract;

i (j) means counterparty category number, defined as follows:

all obligors subject to risk assessment 2 are divided into categories as follows:

Counterparty category 1:

obligors if they or their securities qualify as credit quality groups 1-21, except for individuals;

obligors, if they are liable for securities that are the subject of a fixed-term transaction, to

which the insurance company is a party, or a person whose obligation performance determines cash flows on securities owned by the insurance company, fixed-term transactions or other contracts, a party to which the insurance company is;

obligors that are legal entities if the concentration per obligor for the purposes of risk 2 exceeds the threshold value K1 determined by the insurance company in an internal document and does not exceed 0.5 percent of the total value of the assets of the insurance company;

obligors that are individuals if the concentration per obligor for the purposes of risk 2 exceeds the threshold value K2 determined by the insurance company in an internal document and does not exceed 0.5 percent of the total value of the assets of the insurance company;

obligors that are insurers participating in a reinsurance pool or association which provide for joint and several or subsidiary liability of participants;

Counterparty category 2: all obligors mean legal entities that are obligors under at least one asset, for which, in accordance with Subitem 6.5.10.2 Item 6.5 of these Regulations, indicator z is equal to coefficient 1, except for persons from counterparty category 1;

Counterparty category 3: all obligors being legal entities, except for persons from counterparty categories 1 and 2;

Counterparty category 4: individuals that are obligors under at least one asset, for which, in accordance with Subitem 6.5.10.2 Item 6.5 of these Regulations, indicator z is equal to coefficient 1, except for persons from counterparty category 1.

Counterparty category 5: all obligors being individuals, except for persons from counterparty categories 1 and 4.

9. Risk assessment 2 for counterparty category 1 ($R_{2credit_i}$) is determined as (T x Q)-th maximum losses X_s , where Q (risk coefficient 2) is defined in Table 11 of Annex 2 to these Regulations, and the auxiliary value T is defined as the minimum integer between 30,000 and 150,000 so that the value ε is less than 0.5% the value of the assets of the insurance company calculated in accordance with Chapter 3 of these Regulations.

Value ε is calculated by the formula:

$$\varepsilon = \frac{3.9}{T} \sqrt{\sum_{s=1}^T \left(X_s - \frac{1}{T} \sum_{s=1}^T X_s \right)^2}$$

Expected loss X_s in iteration s is calculated by the formula:

$$X_s = \max \left(\sum_{m=1}^M (P_m - P_m(s)) + \sum_{m'=1}^{M'(s)} (P_{m'}(s)), 0 \right)$$

where:

M means the number of assets and rights of claim in terms of payment of the insurance premium (insurance premiums) under the insurance contracts taken into account in the calculation, with the exception of the rights of claim taken into account in the calculation of the

indicator $R_{2\text{credit}}^*$ (hereinafter, the 'asset' for the purposes of this Paragraph), the obligors for which belong to counterparty category 1;

P_m means value of the m-th asset;

$P_m(s)$ means the value of the m-th asset based on the default assumptions made in iteration s;

$M'(s)$ means the number of cases when, based on the assumptions about defaults made in iteration s, the insurance company has additional obligations by virtue of the law or the concluded contract, including by virtue of the conditions of joint and several liability under the co-insurance contract concluded by the insurance company, or under the terms of reinsurance pool or association, to which the insurance company is a member (hereinafter, the 'additional obligations');

$P_m^I(s)$ means auxiliary value calculated by the formula:

$$P_m^I(s) = \left(CO_{\text{reg}}^s + O_{\text{IFRS13}}^s \right) - \left(CO_{\text{reg}} + O_{\text{IFRS13}} \right),$$

where:

CO_{reg}^s means insurance reserves less the auxiliary value ENP calculated based on the assumption of defaults made in iteration s, taking into account the norms of the law or the terms of the contract (including the co-insurance contract, the joint activity contract), the charter of the association, establishing additional obligations of the insurance company;

O_{IFRS13}^s means the fair value of additional liabilities, which cash flows are not taken into account when forming insurance reserves in accordance with Chapter 5 of these Regulations calculated in accordance with IFRS 13 and internal document based on the assumption of defaults made in iteration s, taking into account the laws or contract terms (including the co-insurance contract, joint activity contract), the charter of the association establishing additional obligations of the insurance company;

SO_{reg} means insurance reserves less the auxiliary value ENP;

O_{IFRS13} means the fair value of additional liabilities, which cash flows are not taken into account when forming insurance reserves in accordance with Chapter 5 of these Regulations calculated in accordance with IFRS 13 and an internal document, taking into account the norms of the law or contract terms (including co-insurance contract, joint activity contract), the charter of the association, establishing additional obligations of the insurance company.

Default assumptions are determined for each obligor that belongs to counterparty category 1. For each obligor, a uniformly distributed random value in the range from 0 to 1 inclusive is calculated with an accuracy of at least seven decimal places.

An asset is expected to default if:

the performance of obligations under the asset is not secured by a surety (an independent guarantee) corresponding to the conditions specified in Subitem 3.1.8 Item 3.1 of these Regulations, and the random value calculated for the obligor under the asset is less than the probability of default under the asset;

the fulfillment of obligations under the asset (rights of claim under the insurance contract) is secured by a surety (an independent guarantee) corresponding to the conditions specified in Subitem 3.1.8 Item 3.1 of these Regulations, and the value of a random variable calculated for

the obligor under the asset (rights of claim under the insurance contract), less than the probability of default on the asset (rights of claim under the insurance contract), and the value of the random variable calculated for the guarantor under the asset (rights of claim under the insurance contract), less than the probability of default of the guarantor under the asset (rights of claim under the insurance contract).

The default of an obligor, which is a person whose obligation performance determines the cash flows under securities owned by an insurance company, fixed-term transactions, rights of claim under an insurance contract or other contracts to which the insurance company is a party, is assumed if the value of a random variable calculated for such a person is less than the probability of default of such a person.

Depending on the type of the m-th asset (from the rights of claims under the insurance contract), its value, based on the assumptions about defaults made in iteration s, is determined as follows:

zero for assets under which obligors do not have a credit rating (other than bonds), for shares and subordinated bond loans which terms of issue provide for the conversion into ordinary shares if such assets are expected to default in iteration s;

35 percent of the nominal value of bonds, which fulfillment is not secured by collateral, of a deposit under a bank deposit agreement, but not more than their value as of the settlement date, of the value of other assets, which obligation performance is not secured by collateral, if such assets are expected to default in iterations s;

the total cash flows under the asset which is not expected to default in iteration s if the persons, whose obligation performance affects the cash flows under the asset, are expected to default in iteration s;

the value of securities and other property that are the subject of collateral under the asset, but not more than the amount of the obligation secured by the collateral, if the asset is expected to default in iteration s, and the obligors under such securities and other rights of claim that are the subject of the collateral are not expected to default in iteration s;

the value of real estate that is pledged under an asset, as determined in accordance with Item 3.6 of these Regulations and multiplied by the coefficient of change in the prices of the real estate unit calculated in accordance with Item 5 of Annex 1 to these Regulations, but not more than the amount of the pledged obligation if the asset is expected to default in iteration s;

50 percent of the value of the pledge under the asset, but not more than the amount of the obligation secured by the pledge, except for the types of pledge listed in Paragraphs twenty-seven and twenty-eight of this Clause determined in accordance with Chapter 3 of these Regulations if the asset is expected to default in iteration s;

otherwise zero if the asset or obligor under the asset is expected to default in iteration s;

the value of the m-th asset in other cases.

10. Risk assessment 2 for counterparty category 2 ($R_{2credit_2}$) is calculated based on the formula:

$$R_{2credit_2} = \sum_{i=1}^g \min(E_i^{all}, E_i^{max} \times (1 - 35\% \times (1 - r_i))) \times p_i$$

where:

g means number of groups into which obligors classified as counterparties of category 2 are divided, based on the concentration per obligor for the purposes of calculating risk 2, determined in accordance with the requirements of Item 1 of these Regulations, and from the

z-factor determined in accordance with Subitem 6.5.10.2 Item 6.5 of these Regulations. For the purposes of this Clause, the calculation of the concentration per obligor to calculate risk 2 does not include the rights of claim under the insurance contracts taken into account in the calculation in terms of payment of the insurance premium (insurance premiums) taken into account in the

calculation of the indicator $R_{2credit}^*$;

E_i^{max} means maximum concentration per obligor in group i for the purposes of risk 2;

E_i^{all} means the amount for group i of concentrations per obligor for the purposes of risk 2;

r_i means the total proportion of the value of shares in the total value of assets, with obligors included into the i-th group, of a subordinated bond loan if the terms of the issue provide for its conversion into ordinary shares;

p_i means the number of defaults in the i-th group determined by the formula:

$$p_i = \min_k \left(\min_{k|} \left(\sum_{j=0}^k \frac{\lambda^j e^{-\lambda}}{j!} \geq Q \right), M_i \right)$$

where:

Q means risk ratio 2 calculated pursuant to Table 11 of Annex 2 to these Regulations;

$\lambda = z \times PD \times M_i$;

M_i means the number of obligors in the i-th group;

z is equal to coefficient 1;

PD means the probability of default for the 19th group of credit quality in accordance with Table 1 of Annex 2 to these Regulations.

An obligor qualified as counterparty category 2, with a concentration for the obligor to calculate risk 2 at least equal to l_i and less than l_{i+1} , is included in group i+1, value E^{max} is included in group i+1, where l_i is calculated based on the formula:

$$l_i = E^{min} + \frac{E^{max} - E^{min}}{m} \times i$$

where:

$E^{max,min}$ means maximum (minimum) value of concentration per obligor to calculate risk 2 for all obligors classified as category 2 counterparties;

n is equal to 1 if the number of obligors included into counterparty category 2 is less than 100; n is equal to 10 if less than 50,000; n is equal to 100 if more than or equal to 50,000 and less than 500,000; n is equal to 1,000 if more than or equal to 500,000;

i takes values from 0 to n - 1.

If the group includes at least 100 persons, it is considered to be complete. If the group is not complete, it is merged with the next one. If the last group is not complete, it is merged with the previous one.

11. Risk assessment 2 for counterparty category 3 ($R_{2\text{credit}_3}$) is made pursuant to Item 10 of this Annex, with due regard to indicator z equal to coefficient 2.

12. Risk assessment 2 for counterparty category 4 ($R_{2\text{credit}_4}$) shall be made pursuant to Item 10 of this Annex, with due regard to:

indicator r_i is equal to zero;

PD means the probability of default for the 15th group of credit quality in accordance with Table 1 of Annex 2 to these Regulations.

13. Risk assessment 2 for counterparty category 5 ($R_{2\text{credit}_5}$) is made pursuant to Item 12 of this Annex, with due regard to indicator z equal to coefficient 2.

Annex 2
to Regulations of the Bank of Russia
No. 781-P
of November 16, 2021 on the Requirements for Financial
Stability and Solvency
of Insurers

Quantity indicator tables

With the Amendments and Additions of:

September 22, 2022

Table 1. Probability of default over one-year horizon depending on credit quality group

From January 1, 2023 to December 31, 2023 inclusive, insurance companies that have not made a decision to pay dividends (distribute profits) after January 1, 2023, in order to apply the quantitative indicators given in Table 1, use the quantitative indicators indicated in Tables 1 and 2 of the Annex to the decision of the Bank of Russia Board of Directors of December 23, 2022.

No.	Credit quality group number	Probability of default over one-year horizon, %
1	2	3
1	1	0.01
2	2	0.02
3	3	0.03
4	4	0.04
5	5	0.05
6	6	0.06
7	7	0.07
8	8	0.12
9	9	0.17
10	10	0.25
11	11	0.50
12	12	0.70
13	13	1.30
14	14	2.10
15	15	3.50
16	16	5.00
17	17	8.00
18	18	15.00
19	19	24.00
20	20	35.00
21	21	50.00
22	22	50.00
23	23	100.00

Table 2. Credit spread change coefficient depending on credit quality group

No.	Period	Credit spread change coefficient depending on credit quality group (absolute change in percentage points)						
		Group 1	Groups 2-4	Groups 5-7	Groups 8-10	Groups 11-13	Groups 14-17	Groups 18-23
1	2	3	4	5	6	7	8	9
1	January 1, 2023 – June 30, 2023	0.06	0.07	0.09	0.21	0.29	0.54	2.94
2	July 1, 2023 – June 30, 2024	0.13	0.16	0.21	0.52	0.74	0.97	5.28
3	July 1, 2024 - June 30, 2025	0.18	0.22	0.28	0.68	0.96	1.46	7.98
4	from July 1, 2025	0.22	0.27	0.34	0.8	1.15	1.95	10.64

Table 3. Relative increase or decrease in interest rates if the interest rate currency is the Russian ruble

No.	Period	Relative increase/decrease in interest rates, %									
		Less than 0.25 years	0.5 years	1 year	2 years	3 years	5 years	7 years	10 years	20 years	Over 30 years
1	2	3	4	5	6	7	8	9	10	11	12
1	January 1, 2023 – June 30, 2023	14/-12	13/-12	9/-12	8/-12	6/-12	6/-10	6/-8	6/-6	5/-2	4/0
2	July 1, 2023 – June 30, 2024	33/-18	32/-17	28/-16	21/-16	19/-16	18/-16	17/-15	15/-13	9/-8	7/-5
3	July 1, 2024 – June 30, 2025	49/-29	49/-26	41/-22	39/-21	40/-21	37/-21	32/-21	26/-19	14/-13	10/-11
4	from July 1, 2025	62/-38	59/-35	58/-31	55/-29	54/-28	48/-27	42/-26	34/-24	20/-18	14/-15

Table 4. Relative increase or decrease in interest rates if the interest rate currency is other than the Russian ruble

No.	Period	Relative increase/decrease in interest rates, %									
		Less than 0.25 years	0.5 years	1 year	2 years	3 years	5 years	7 years	10 years	20 years	Over 30 years
1	2	3	4	5	6	7	8	9	10	11	12
1	January 1, 2023 – June 30, 2023	80/-25	51/-19	49/-19	32/0	23/-7	9/-13	3/-11	0/-11	0/-9	1/-6
2	July 1, 2023 – June 30, 2024	167/-57	114/-43	98/-36	57/-32	54/-28	40/-24	32/-20	26/-18	15/-15	11/-13
3	July 1, 2024 - June 30, 2025	278/-81	169/-63	118/-48	75/-47	72/-42	57/-33	45/-29	36/-26	24/-23	18/-22
4	from July 1, 2025	526/-87	250/-74	140/-60	84/-55	81/-49	70/-41	58/-35	42/-30	29/-30	24/-27

Table 5. Share value increase (decrease) ratio

No.	Period	Coefficient 1 of increase (up) in share value (relative change), %	Coefficient 1 of decrease (down) in share value (relative change), %	Coefficient 2 of increase (up) in share value (relative change), %	Coefficient 2 of decrease (down) in share value (relative change), %
1	2	3	4	5	6
1	January 1, 2023- June 30, 2023	0	0	0	0
2	July 1, 2023- June 30, 2024	4	-4	12	-12
3	July 1, 2024- June 30, 2025	10	-10	20	-20
4	from July 1, 2025	18	-18	25	-25

Table 6. Ratio of change of the foreign exchange rate against the Russian ruble

No.	Period	Coefficient of increase (up) of FX rate against Russian ruble (relative change), %	Coefficient of decrease (down) of FX rate against Russian ruble (relative change), %
1	2	3	4
1	January 1, 2023 – June 30, 2023	10	0
2	July 1, 2023 – June 30, 2024	18	-3
3	July 1, 2024 – June 30, 2025	33	-7
4	from July 1, 2025	44	-9

Table 7. Coefficients of decreased residential and non-residential real estate value

No.	Period	Coefficient 1 of decreased residential real estate value (relative change), %	Coefficient 2 of decreased non-residential real estate value (relative change), %
1	2	3	4
1	January 1, 2023 - June 30, 2023	10	25
2	July 1, 2023 - June 30, 2024	10	25
3	July 1, 2024 – June 30, 2025	10	25
4	from July 1, 2025	10	25

Table 8. Coefficients of increase (decrease) of the value of assets, which value change risk shall not be defined in the assessment of the influence of the risks specified in Paragraphs six to eight and ten of Subitem 6.5.1 Item 6.5 of these Regulations

No.	Period	Coefficient 1 of increase (up) in refined gold value (relative change), %	Coefficient 1 of decrease (down) in refined gold value (relative change), %	Coefficient 2 of increase (up) in other asset value (relative change), %	Coefficient 2 of decrease (down) in other asset value (relative change), %
1	2	3	4	5	6
1	January 1, 2023- June 30, 2023	0	0	50	-50
2	July 1, 2023- June 30, 2024	4	-4	50	-50
3	July 1, 2024- June 30, 2025	10	-10	50	-50
4	from July 1, 2025	18	-18	50	-50

Table 9. Concentration coefficient (CT)

Coefficient	Value, %
CT	10

Table 10. Final date to determine insurance agents and insurance (reinsurance) brokers debt to insurance company

GARANT:

From January 1, 2023 to December 31, 2023 inclusive, insurance companies that have not made a decision to pay dividends (distribute profits) after January 1, 2023, in order to apply the quantitative indicators given in Table 10, use the quantitative indicators indicated in Tables 1 and 2 of the Annex to the decision of the Bank of Russia Board of Directors of December 23, 2022.

Indicator	Due date
Final date	10 business days

Table 11. Risk ratio 2 (Q)

No.	Period	Q ratio, %
1	2	3
1	January 1, 2023 – June 30, 2023	60
2	July 1, 2023 – June 30, 2024	75
3	July 1, 2024 - June 30, 2025	85
4	From July 1, 2025	90

Table 12. Correlation coefficients between risks 1 and 2

i \ j	Risk 1	Risk 2
Risk 1	1	0.25
Risk 2	0.25	1

Table 13. Coefficient of correlation between the risk types 1

i \ j	Concentration risk	Risk of change of the credit spread	Risk of change of interest rates	Risk of change of the value of shares	Risk of change of the foreign exchange rate	Risk of change of real estate prices	Risk of change of the value of assets, the risk of change of whose value shall not be defined in the course of assessment of the influence of the risks cited in Paragraphs six to eight and ten of Subitem 6.5.1 of Item 6.5 of these Regulations
Concentration risk	1	0	0	0	0	0	0
Risk of change of the credit spread	0	1	1	1	1	1	1
Risk of change of interest rates	0	1	1	1	0.75	1	1
Risk of change of the value of shares	0	1	1	1	1	1	1
Risk of change of the foreign exchange rate	0	1	0.75	1	1	1	1
Risk of change of real estate prices	0	1	1	1	1	1	1
Risk of change of the value of assets, the risk of change of whose value shall not be defined in the course of assessment of the influence of the risks cited in Paragraphs six to	0	1	1	1	1	1	1

eight and ten of Subitem 6.5.1 of Item 6.5 of these Regulations							
---	--	--	--	--	--	--	--

Table 14. Coefficient of correlation of risk 2 between counterparty categories

i \ j	Counterparty category 1	Counterparty category 2	Counterparty category 3	Counterparty category 4	Counterparty category 5
Counterparty category 1	1	0.75	0.75	0.25	0.25
Counterparty category 2	0.75	1	1	0.25	0.25
Counterparty category 3	0.75	1	1	0.25	0.25
Counterparty category 4	0.25	0.25	0.25	1	1
Counterparty category 5	0.25	0.25	0.25	1	1

Table 15. Coefficient z

Coefficient 1	Coefficient 2
2	1

Table 16. Decreased asset value coefficient

No.	Period	Decreased value coefficient
1	1	2
1	from January 1, 2023	1

Annex 3
to Regulations of the Bank of Russia
No. 781-P
of November 16, 2021 on the Requirements for Financial
Stability and Solvency
of Insurers

Calculation of the auxiliary value DPU^F

With the Amendments and Additions of:

September 22, 2022

1. To calculate the auxiliary value of DPU^F for the reference groups, data on insurance payments made up to and including the settlement date, with the exception of refunds of a part of insurance premiums in case of early termination of insurance contracts, under insurance contracts related to the reference groups are grouped as follows:

by quarters in which the dates of insured event or events initiating an insured event fall, if the such event date differs from the insured event date (hereinafter, the "loss quarter");

by quarters (cumulative total) in which the insurance payments specified in the first Paragraph of this Clause were made by the insurer (hereinafter, the "loss payment quarter").

The auxiliary value DPU^F is calculated in the main currency of the reference groups.

The auxiliary value DPU^F is calculated with a loss development triangle in accordance with the following table:

Loss development triangle

		Loss payment quarter (j)						
		1	2	3	...	(N - 2)	(N - 1)	N
Loss quarter (i)	1	x(1, 1)	x(1, 2)	x(1, 3)	...	x(1, N - 2)	x(1, N - 1)	x(1, N)
	2	x(2, 1)	x(2, 2)	x(2, 3)	...	x(2, N - 2)	x(2, N - 1)	
	3	x(3, 1)	x(3, 2)	x(3, 3)	...	x(3, N - 2)		
			
	(N - 2)	x(N - 2, 1)	x(N - 2, 2)	x(N - 2, 3)				
	(N - 1)	x(N - 1, 1)	x(N - 1, 2)					
	N	x(N, 1)						

where:

x(i, j) means insurance payments made on an accrual basis at the end of the j-th loss payment quarter (starting from the i-th loss quarter inclusive), for insured events related to the i-th loss quarter, under insurance contracts related to the reference group;

N means the number of quarters for which insurance payments data are considered.

2. When constructing a loss development triangle, the loss quarter under the contract accepted for reinsurance is the loss quarter under the main contract for the reinsurer.

3. When constructing a loss development triangle for reference group 3 with direct compensation for losses, the quarter in which compensation was made by means of insurance compensation under the contract of compulsory motor third parties liability insurance to the insurer that made direct compensation for losses compensated by it to the affected.

4. The auxiliary value of ZNU(i) for the reference group is calculated as a non-negative best estimate of the value of insurance payment cash flows under insurance contracts

attributable to the reference group in relation to insured events declared to the insurer before the settlement date, if the insured event or event initiating the insured event, which date differs from the insured event date, occurred in the loss quarter L. ZNU(i) estimate uses only cash flows from the cash flow forecast pursuant to [Subclause 5.3.1 of Clause 5.3](#) of these Regulations.

When calculating the value ZNU(i) for reference group 3 in case of direct compensation for losses, date of receipt of the preliminary notification is the date of the claim to the insurer about the occurrence of an insured event.

5. The loss development triangle serves to estimate values $y(j)$, $C(j, j+1)$, $H(j)$, $L(j)$, $U(i)$, \bar{U} , $V(i)$, $R(i)$, $PNU(i)$, $Y(i)$, $Z(i)$, $W(i,j)$, $\Delta W_{i,j}$, DPU^F :

$$y(j) = x(1, j) + x(2, j) + \dots + x(N - j + 1, j) = \sum_{k=1}^{N-j+1} x(k, j), j=1, 2 \dots N ;$$

$$C(j, j+1) = \begin{cases} \frac{y(j+1)}{y(j) - x(N - j + 1, j)}, \text{ if } y(j) - x(N - j + 1, j) \neq 0 \\ C(j+1, j+2), \text{ if } y(j) - x(N - j + 1, j) = 0, C(N, N+1) = 1 \end{cases}, j=1, 2 \dots N$$

$$H(j) = C(j, j+1) \times C(j+1, j+2) \times \dots \times C(N, N+1) = \prod_{k=j}^N C(k, k+1), j = 1, 2 \dots N$$

$$L(j) = \frac{1}{H(j)}, j=1, 2 \dots N$$

$$U(i) = \frac{x(i, N - 1 + 1) \times H(N - i + 1)}{ZP(i)}, i=1, 2 \dots N$$

where:

ZP(i) means earned insurance premium calculated in accordance with Subitem 5.5.5 of Item 5.5 of these Regulations for the i-th loss quarter under insurance contracts related to the reference group;

$$\bar{U} = \frac{1}{N} (U(1) + U(2) + \dots + U(N)) = \frac{1}{N} \times \sum_{i=1}^N U(i) ;$$

$$V(i) = \bar{U} + ZP(i), i = 2 \dots N;$$

$$R(i) = (1 - L(N - i + 1)) \times V(i), i = 2 \dots N;$$

$$PNU(i) = \max(R(i) - ZNU(i); 0), i = 2 \dots N;$$

$$Y(i) = PNU(i) + ZNU(i), i=2...N;$$

$$Z(i) = Y(i) + x(i, N - i + 1), i=2...N ;$$

$$W(i, j) = Z(i) \times L(j), i=2...N, j=N..(N - i + 2) ;$$

$$\Delta W(i, j) = \begin{cases} W(i, j) - W(i, j-1), & \text{if } i > N - j + 2 \\ W(i, j) - x(i, j), & \text{if } i = N - j + 2 \end{cases}, i=2...N, j=N, N-1...(N-i+2)$$

$$DPU^F = \sum_{i,j} PV(\Delta W(i, j)) + \sum_{i \leq 1} ZNU(i)$$

where:

$PV(\Delta W(i, j))$ - current value $\Delta W(i, j)$.

$$\sum_{i \leq 1} ZNU(i)$$

means the sum of ZNU auxiliary values calculated in accordance with Item 4 of this Annex, for the i-th loss quarters preceding the reporting date by N quarters or more.

6. When calculating DPU^F for reference groups 1, 2, 7-10, 16, the number N (the number of quarters for which data on insurance payments are considered) must be at least 12 but may not exceed 20. When calculating DPU^F for reference groups 3-6, 11-15, 17, the number N must be equal to 20.

7. If data on insurance payments are available for the reference group for less than the number of quarters specified in Item 6 of this Annex or the amount of insurance premium earned in at least one of such quarters is non-positive, the DPU^F for the reference group cannot be less than the non-negative difference of 77 percent of the amount of insurance premium earned under insurance contracts related to the reference group for the 4 calendar quarters preceding the settlement date and the amount of insurance payments under insurance contracts related to the reference group paid for the same period.

8. When constructing a table of the loss development triangle as of the settlement date, it is allowed to exclude insurance payments for no more than three insured events, which inclusion leads to an increase in DPU^F by more than 30 percent of the auxiliary value DPU^F calculated according to adjusted data, or leads to an increased DPU^F by more than 10 percent of the insurance premium earned for the previous 12 months compared to the DPU^F calculated according to adjusted data.

Annex 4
to Regulations of the Bank of Russia
No. 781-P
of November 16, 2021 on the Requirements for Financial
Stability and Solvency
of Insurers

Calculation of the auxiliary value ORS^F

With the Amendments and Additions of:

September 22, 2022

1. If data on insurance payments are available for the reference group for less than the number of quarters specified in Item 6 of Annex 3 to these Regulations or the amount of insurance premium earned in at least one of these quarters is non-positive, the auxiliary value of ORS^F for the reference group is 0, otherwise the auxiliary value of ORS^F is calculated in accordance with the requirements of Items 2-6 of this Annex.

2. To calculate the auxiliary value ORS^F for the reference groups, the data on the amounts received before the settlement date for subrogations, recourses and from the sale of good balances under insurance contracts related to the reference group are grouped:

by loss quarters, which include insured events with insurance payments leading to the rights of claim transfer to the insurer under subrogation or recourse, or the insured (beneficiary) waiver of rights to the insured property in favour of the insurer;

by quarters (on a cumulative total) of receipt by the insurer of proceeds from subrogations, recourses and from the sale of good balances (hereinafter, the 'quarter of proceeds').

The auxiliary value ORS^F is calculated in the main currency of the reference groups.

To calculate the auxiliary value ORS^F, a triangle is built for the development of proceeds from subrogations, recourses and from the sale of good balances in accordance with the following table:

Triangle for the development of proceeds from subrogations, recourses and from the sale of good balances

		Quarter of proceeds (j)						
		1	2	3	...	(M - 2)	(M - 1)	M
Loss quarter (i)	1	y(1, 1)	y(1, 2)	y(1, 3)	...	y(1, M - 2)	y(1, M - 1)	y(1, M)
	2	y(2, 1)	y(2, 2)	y(2, 3)	...	y(2, M - 2)	y(2, M - 1)	
	3	y(3, 1)	y(3, 2)	y(3, 3)	...	y(3, M - 2)		
			
	(M-2)	y(M - 2, 1)	y(M - 2, 2)	y(M - 2, 3)				
	(M-1)	y(M - 1, 1)	y(M - 1, 2)					
	M	y(M, 1)						

where:

y(i, j) means the amount of proceeds from subrogations, recourses and sale of good balances obtained on an accrual basis at the end of the j-th proceeds quarter starting from the i-th loss quarter inclusive, for insured events related to the i-th loss quarter, under insurance contracts related to the reference group;

M means the number of quarters for which data on receipts from subrogations, recourses

and from the sale of good balances are considered.

3. The triangle for the development of proceeds from subrogations, recourses and from the sale of good balances is used to calculate values $y(j)$, $C(j, j + 1)$, $H(j)$, $L(j)$, $U(i)$, $Z'(i)$, U' , \bar{U} , $V(i)$, $O(i)$, $W(i,j)$, $\Delta W(l, j)$, ORS^F :

$$y(j) = \sum_{k=1}^{M-j+1} y(k, j), j=1, 2...M$$

$$C(j, j+1) = \begin{cases} \frac{y(j+1)}{y(j) - y(M-j+1)}, \text{ ec. if } y(j) - y(M-j+1) \neq 0 \\ C(j+1, j+2), \text{ ec. if } y(j) - y(M-j+1) \neq 0, C(M, M+1) = 1 \end{cases}, j=1, 2...M$$

$$H(j) = \prod_{k=j}^M C(k, k+1), j=1, 2...M$$

$$L(j) = \frac{1}{H(j)}, j=1, 2...M$$

$$U_i = \frac{y(i, M-i+1) \times H(M-i+1)}{Z'(i)}, i=1, 2...M$$

where:

$Z'(i)$ is determined as follows:

$Z'(i - (M - N))$ value for $i > M - N + 1$ (where N - the number of quarters for which the data on insurance payments specified in Item 1 of Annex 3 to these Regulations are considered) - auxiliary value calculated pursuant to Item 5 of Annex 3 to these Regulations for the reference group; for $i \leq M - N + 1$ - the aggregate insurance payments made up to and including the settlement date, for insured events related to the i -th loss quarter, under insurance contracts related to the reference group;

$$U' = \frac{1}{M} \sum_{i=1}^M U(i)$$

$$\bar{U} = \min \left(U'; \max \left(\frac{y(i, M-i+1)}{z'(i)} \right) \right), i=M-11, M-10...M$$

$$V(i) = \bar{U} \times Z'(i), i=2...M,$$

$$O(i) = \min\left(\max\left(\left(1 - L(M - i + 1)\right) \times V(i) - \Pi(i); 0\right); Y(i)\right) + y(i, M - i + 1), i=2...M,$$

where:

PT(i) means the total amount of rights of claim under subrogations and recourses for insured events related to the i-th loss quarter, under insurance contracts related to the reference group;

Y(i) means auxiliary value calculated pursuant to Item 5 of Annex 3 to these Regulations;

$$W(i, j) = O(i) \times L(j), i = 2 \dots M, j = M, M-1 \dots (M-i+2),$$

$$\Delta W(i, j) = \begin{cases} W(i, j) - W(i, j-1), & \text{if } i > M - j + 2 \\ W(i, j) - y(i, j), & \text{if } i = M - j + 2 \end{cases}, i=2...M, j=M, M-1...(M-i+2)$$

$$i = 2, 3 \dots M, j = M, M - 1 \dots M - i + 1;$$

where:

$$PV(\Delta W(i, j)) - \text{current value } \Delta W(i, j);$$

OU means 10 percent and 15 percent of the amount of insurance payments made under insurance contracts attributable to reference groups 3 and 7, respectively, for the four quarters preceding the settlement date.

4. When calculating the ORS^F, the number M (the number of quarters considered for data on proceeds from subrogations, recourses and from the sale of good balances) must be at least 12 and not more than 32.

5. The auxiliary value of the OSR^F for the additional reference group is determined by the formula:

$$ORS^F_D = \frac{DPU^F_{DUG}}{\sum DPU^F_{DUG}} \times ORS^F$$

where:

DPU^F_{DUG} means the value DPU^F calculated pursuant to Annex 3 to these Regulations, under an additional reference group;

$\sum DPU^F_{DUG}$ means the aggregate of DPU^F_{DUG} under any additional reference groups comprising the reference group;

ORS^F means the auxiliary value calculated for the reference group.

Annex 5
to Regulations of the Bank of Russia
No. 781-P
of November 16, 2021 on the Requirements for Financial
Stability and Solvency
of Insurers

Calculation of the auxiliary value RM

With the Amendments and Additions of:

September 22, 2022

1. Auxiliary value RM is calculated by the formula:

$$PM = \sum_i PM_i + ENP,$$

where:

PM_i means value calculated for reference group i in accordance with Clause 2 of this Annex;

ENP means the auxiliary value calculated as follows:

$$ENP = \begin{cases} 0, & \text{if } d \geq d_{2025} \\ \max\left(0; C_{2022} - \tilde{C}O_{2022}\right) \times \frac{d_{2025} - d}{1096}, & \text{otherwise} \end{cases}$$

where:

d means settlement date;

d_{2025} - December 31, 2025;

$\tilde{C}O_{2022}$ means reserve for investment obligation, DPP, DPU, values Y_i RM^{RPVU} and stabilisation reserve reduced by the share of reinsurers therein. All the values are formed in accordance with Chapter 5 of these Regulations as of the settlement date of January 1, 2023;

CO_{2022} means total insurance reserves for life insurance and non-life insurance reduced by the share of reinsurers in them, in accordance with the supervisory reporting data for the 2022 reporting period.

2. PM_i for reference group i is calculated based on the formula:

$$PM_i = \begin{cases} \frac{0.06}{1+SD_1} \times \left(\sum_{j=1}^J \frac{d_j - d}{365} \times PVF_j \times Pr_j \right) \times 0,05 \times Kzh, & i = 18 \dots 21 \\ \max \left(6\% \times \sum_{t=0}^{n-1} PV(SCR(t)) - C_{TP}; 0 \right), & i \neq 9, \text{ if the stabilised reserve for the reference group 9 is formed} \\ \max \left(6\% \times \sum_{t=0}^{n-1} PV(SCR(t)); C_{TP} \right) & \text{otherwise} \end{cases}$$

where:

n means the number of years, rounded up, from the settlement date to the maximum expected date of complete settlement of the contracts taken into account in the calculation and attributed to the reference groups;

$SCR(t)$ means value calculated for reference group i in accordance with Item 3 of this Annex;

$PV(SCR(t))$ means present value $SCR(t)$;

$t = 0$ means settlement date, $t = 1$ (-1) means the date that is a calendar year ahead (back) from the settlement date, and so on until $t = n$. For the purposes of this Annex, if the settlement date is not the same with the quarter end, the indicators are determined as of the end of the last calendar quarter preceding the settlement date, otherwise the indicators are determined as of the settlement date;

StR means auxiliary value calculated for reference group i in accordance with Item 4 of this Annex;

SD_1 means the rate of yield for cash flows in Russian rubles determined in accordance with Subitem 5.3.14 Item 5.3 of these Regulations, for a payment with a term of 1 year;

Kzh means an auxiliary value for the reference group/ determined in accordance with Subitem 6.3.1 Item 6.3 of these Regulations;

j means the serial number of the next cash flow, which is part of the cash flows taken into account in the assessment of DPP and DPU for reference group i , from the calculation date;

J means number of cash flows;

PVF_j means the value of the present value of the cash flow j in Russian rubles;

Pr_j means probability of implementation of cash flow j ;

d_j means date of cash flow.

The Paragraph has been invalid from January 1, 2023 - Direction of the Bank of Russia No. 6252-U of September 22, 2022

3. The calculation of the $SCR(t)$ indicator for the reference group is carried out based on the formula:

$$SCR(t) = K \times \frac{23\%}{3} \times \sum_{p=t-2}^t SU(p)$$

where:

p means calendar year index; $p = 0$ (- 1, - 2) means the first (second, third) year (four quarters) preceding the date t , $p = 1$ (2, 3) means the first (second, third) year following the date t ;

$SU(p)$ is an auxiliary value determined as follows:

for $p \leq 0 - \sum_{i \in p} Zi$ where i means calendar quarter, where $Z(i)$ is calculated pursuant to Item 5 of Annex 3 to these Regulations;

for $p > 0$ means the probability-weighted amount of cash flows on insurance payments under insurance contracts attributable to the reference groups in relation to insured events or events initiating the insurance

an event (if the date of such event differs from the date of the insured event) that occurred during the period p , from the forecast of cash flows in accordance with Subitem 5.3.1 Item 5.3 of these Regulations;

K means adjustment ratio for the reference group calculated pursuant to Subitem 6.3.2.4 Item 6.3 of these Regulations.

4. The auxiliary value StR for the reference group is determined in the following order.

The auxiliary value StR for reference group 3 as of the calculation date is taken equal to the value of the reserve for compensating for the costs of making insurance payments and for direct compensation for losses under compulsory motor third parties liability insurance in subsequent periods (stabilisation reserve for compulsory motor third parties liability insurance) for reporting data provided by the insurer to the Bank of Russia as of June 30, 2022. If a stabilisation reserve is formed for reference group 9, the auxiliary value StR for reference group 9 is taken equal to the auxiliary value of SR calculated in accordance with the requirements of Annex 6 to these Regulations. Otherwise, the auxiliary value StR for reference group 9 as of the calculation date is taken equal to the auxiliary value StR as of the previous calculation date (for December 31, 2022 - the value of the stabilisation reserve for reference group 9 according to the reporting data provided by the insurer to the Bank of Russia as of December 31, 2022).

For reference groups 5, 8, 11 and 15, the auxiliary value StR on the calculation date is taken equal to the auxiliary value StR for the corresponding reference group as of the end of the calendar year preceding the calculation date (for December 31, 2022 - the value of the stabilisation reserve for the corresponding reference group for reporting data provided by the insurer to the Bank of Russia as of December 31, 2022), reduced by the amount of insurance payments taken into account for the purposes of calculating the auxiliary amount StR for the relevant reference group, less the share of reinsurers in them. The insurance payment is taken into account for the purposes of calculating the auxiliary value StR for reference groups 5, 8, 11 and 15, if the following requirements are simultaneously met:

the insurance payment under the insurance contract relating to the relevant reference group was made in the calculation period;

the amount of the insurance payment less the share of reinsurers in it exceeds 10 percent of the earned insurance premium under insurance contracts related to the relevant reference group for the 12 months preceding the settlement date.

For reference groups 1, 2, 4, 6, 7, 10, 12-14, 16, 17, the auxiliary value StR is calculated in the manner specified in the internal document on the insurance reserves calculation and cannot exceed the auxiliary value StR for the corresponding reference group as of the previous settlement date (for December 31, 2022 - the value of the stabilisation reserve for the relevant reference group according to the reporting data provided by the insurer to the Bank of Russia as of December 31, 2022).

Annex 6
to Regulations of the Bank of Russia
No. 781-P
of November 16, 2021 on the Requirements for Financial
Stability and Solvency
of Insurers

Calculation of the auxiliary value SR

With the Amendments and Additions of:

September 22, 2022

1. For the purposes of this Annex, the settlement period is the period from January 1 of the year containing the settlement date to the end of the last calendar quarter preceding the settlement date, if the settlement date is not the same with the end of the quarter, otherwise - to the settlement date.

2. The auxiliary value SR for the reference group on the settlement date is taken equal to

the non-negative amount of the auxiliary value SR for the reference group at the end of the calendar year preceding the settlement date (as of December 31, 2022 - the value of the stabilisation reserve for reference group 9, if it was formed), and the value of the change in the SR for the reference group, but not more than the limit value of the stabilisation reserve established by the Federal Law "On State Support in the Sphere of Agricultural Insurance and on Amendments to the Federal Law "On the Development of Agriculture" (for reference group 9).

If at the end of the calendar year preceding the settlement date, the stabilisation reserve for reference group 9 was not formed, the auxiliary value SR for the specified reference group at the end of such a calendar year is assumed to be zero.

If at the end of the calendar year preceding the date of entry into force of these Regulations, the stabilisation reserve for reference groups 5 and 11 was formed, the auxiliary value of SR for the corresponding reference group at the end of such a calendar year is assumed to be zero.

If at the end of the calendar year preceding the settlement date, the SR for reference groups 5 and 11 was not calculated, the auxiliary value SR for the specified reference group at the end of such a calendar year is assumed to be zero.

The amount of change in SR by reference group is calculated as:

non-negative excess of the amount of income for such a reference group for the calculation period, multiplied by a factor of 0.95, of the amount of expenses for such a reference group for the calculation period;

a negative excess of the amount of expenses for such reference group for the calculation period of the amount of income for such a reference group for the calculation period.

3. The amount of income for the reference group for the calculation period is determined as the amount of:

insurance premiums under insurance contracts related to the reference group and recognised during the calculation period less insurance premiums for reinsurance of such contracts;

the value of assets accepted as part of the insurance portfolio (when the insurance portfolio is accepted in the calculation period);

proceeds from subrogations, recourses and from the sale of good balances less the share of reinsurers therein;

reduction of DPP, DPU less the share of reinsurers therein, taken into account when determining the NRMP indicator for the calculation period;

bonuses, reinsurance and other remuneration under outward reinsurance contracts for the calculation period;

increase in the cost of rights of claim for subrogations and recourses for the calculation period;

an increase in the value of assets in the form of the insured property received by the insurer (its usable balances), which the insured (beneficiary) has waived in accordance with Item 5 of Article 10 of the Law of the Russian Federation on the Insurance Business in the Russian Federation, for the calculation period.

4. The amount of expenses for the reference group for the calculation period is determined as the amount of:

contributions to compensation funds;

the value of assets transferred as part of the insurance portfolio (when the insurance portfolio is transferred in the calculation period);

increase of DPP, DPU less the share of reinsurers therein, taken into account when determining the NRMP indicator;

insurance payments less insurance payments under outward reinsurance contracts concluded in respect of obligations under such insurance payments;

expenses for support of insurance contracts for the calculation period, expenses for conclusion of insurance contracts and outward reinsurance, settlement costs less the share of reinsurers in these costs, if this is provided for by the outward reinsurance contract;

bonuses, reinsurance and other remuneration under contracts accepted for reinsurance for the billing period;

decrease in the cost of rights of claim for subrogations and recourses for the calculation period;

decrease in the value of assets in the form of the insured property received by the insurer (its usable balances), which the insured (beneficiary) has waived in accordance with Item 5 of Article 10 of the Law of the Russian Federation on the Insurance Business in the Russian Federation, for the calculation period.

5. Has been invalid from January 1, 2023 per Direction of the Bank of Russia No. 6252-U of September 22, 2022

6. The amount of expenses for business under insurance contracts for the calculation period for reference group 5 cannot exceed the amount of expenses specified in the structure of the tariff rate for compulsory carriers' liability insurance for causing damage to the life, health, property of passengers during the carriage of passengers, approved by the insurance company reduced by the amount of deductions to the compensation fund.

7. The amount of expenses for doing business under insurance contracts during the calculation period for reference group 11 cannot exceed the amount of expenses for the implementation of compulsory insurance of hazardous facilities for causing harm as a result of an accident at a hazardous facility, reduced by the maximum amount of deductions for financing compensation payments approved by the Bank of Russia in accordance with Part 3 of Article 7 of the Federal Law "On Compulsory insurance of hazardous facilities for Damage Caused by an Accident at the Hazardous Facility" (Collection of Legislation of the Russian Federation, 2010, No. 31, Article 4194; 2016, No. 11, article 1483).