



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

2009

## Guidance on Valuation Assumptions on Contracts covering more than one life



### Guidance on Valuation Assumptions under Contracts covering more than one life

This Guidance refers to the interpretation of Paragraph 12 of Annex IV (Determination of Liabilities) of SI No. 360 of 1994 "European Communities (Life Assurance) Framework Directive Regulations, 1994.

That Paragraph states:-

"Allowance shall not be made in the valuation for the voluntary discontinuance of any contract if the amount of the liability so determined would thereby be reduced."

In such cases where individual risks are grouped together under a single contract, then this Paragraph is to be interpreted as also meaning that discontinuance of the underlying risks shall not be assumed (unless it increases the amount of the liability). Examples of this are credit protection products where the risks are often grouped under a single contract and inwards reinsurance undertaken by a life insurance company.

This interpretation means that 50 risks under one contract would have the same total liability as the same 50 risks under separate contracts.



T +353 1 224 4000    F +353 1 894 4631    [www.centralbank.ie](http://www.centralbank.ie)    [insurance@centralbank.ie](mailto:insurance@centralbank.ie)



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

**Bosca OP 11517, Duga Spencer, Baile Átha Cliath 1, Éire  
PO. Box No 11517, Spencer Dock, Dublin 1, Ireland**

