

## DISCLOSURE OF INFORMATION REGARDING THE EXERCISE OF OPTIONS

All references are to Directive 2009/138/EC unless otherwise stated.

### TEMPLATE FOR THE DISCLOSURE OF INFORMATION REGARDING THE EXERCISE OF OPTIONS UNDER POINT (D) OF ARTICLE 31(2) OF DIRECTIVE 2009/138/EC

Article of Directive 2009/138/EC	Title of Article	Description of the option	Use of option YES/NO	National legal instrument used L/R/A (1)	Reference to article in national law	Text or link to text of national law where available in another language
Article 13(27)	Definitions	Regarding the definition of large risks option to add to the category of risks classified under classes of non-life insurance 3, 8, 9, 10, 13 and 16 in Part A of Annex I, the risks insured by professional associations, joint ventures or temporary grouping	NO			
Article 15(2), sub-paragraph 3	Scope of authorisation	Option to grant authorisation for two or more classes of direct insurance	YES	L	Article 15(4)	(4) Authorisation may be granted for many classes and permits such classes to be pursued simultaneously.
Article 15(3), sub-paragraph 1	Scope of authorisation	Option to grant authorisation for non-life insurance for groups of classes listed in Part B of Annex	YES	L	Article 15(5)	(5) With regard to non-life insurance, the Superintendent may grant authorisation for the groups of classes listed in Part B of the First Appendix of this Law and may limit authorisation requested for one of the classes to the operations set out in the scheme of operations referred to in section 24 of this Law.
Article 17(2)	Legal form of insurance or reinsurance undertaking	Option to set up undertakings of a form governed by public law provided that such bodies have insurance or reinsurance operations as their object, under conditions equivalent to those under which undertakings governed by private law operate	YES	L	Article 17(7)	(7) The Republic may permit the creation of public law undertakings of any form in order to pursue insurance or reinsurance business, on condition that these entities carry out insurance or reinsurance businesses under conditions equivalent to those that private law businesses operate, and in a such a case, this is communicated to the Commission in order to update Annex III of Directive 2009/138/EC.

Article 21(1), sub-paragraph 2	Policy conditions and scales of premiums	Option to require in life insurance systematic notification of the technical bases used for calculating scales of premiums and technical provisions for the purpose of verifying compliance with actuarial principles	YES	L	Article 22 (2)	(2) Regardless of the provisions of subsection (1), in particular for life insurance and for the sole purpose of verifying compliance with provisions concerning actuarial principles, the Superintendent may require systematic notification of the technical bases used for calculating scales of premiums and technical provisions: Provided that this requirement shall not constitute a prior condition for the authorisation of a life insurance undertaking.
Article 21(3)	Policy conditions and scales of premiums	Option to subject undertakings seeking or having obtained authorisation for assistance activity to checks on their resources in staff and equipment	YES	L	Article 19 (1) paragraph (k)	(k) with regard to undertakings which apply for authorisation for assistance (class 18 in Part A of the First Appendix), the undertaking satisfies the Superintendent, following a relevant check, that the staff, the material and the methods that have directly or indirectly available, including the qualifications of the medical staff and the quality of the equipment at its disposal to respond to the obligations imposed by this class, are appropriate.
Article 21(4)	Policy conditions and scales of premiums	Option to require approval of the memorandum and articles of association or any other documents necessary for normal supervision	YES	L	Article 19(3)	(3) With the application referred to in subsection (2), the memorandum of association and articles of association of the undertaking are also submitted, which are approved by the Superintendent, including the other documents that are specified by Regulations issued under this Law and are submitted to the House of Representatives for approval;
Article 51(2), sub-paragraph 3	Report on solvency and financial condition: contents	Option allowing to exempt during a transitional period, (re) insurance undertakings from the requirement concerning the separate disclosure of the capital add-on or the impact of the use of undertaking-specific parameters where their use is required by the supervisory authority.	YES	L	Article 52 (5) Second paragraph	Provided that, without prejudice to any provisions of this Law or under any Regulations issued there under that are submitted to the House of Representatives for approval, or any other implementing measures or regulatory or implementing technical provisions taken on a national or European level with regard to any disclosure that is mandatory and regardless of the provisions of subparagraph (ii) of paragraph (e) of subsection (2), the capital add-on or the impact of the specific parameters the insurance or reinsurance undertaking is required to use in accordance with section 117 need not be separately disclosed during a transitional period ending no later than 31 December 2020.
Article 57(1)	Acquisitions	Where Member States apply a threshold of one third for the notification to supervisory authorities of acquisitions in accordance with Directive 2004/109/EC, option to continue to apply that threshold, instead of a threshold of 30 %.	NO			

Article 57(2)	Acquisitions	Where Member States apply a threshold of one third for the notification to supervisory authorities of disposals in accordance with Directive 2004/109/EC, option to continue to apply that threshold, instead of a threshold of 30 %.	NO			
Article 73(2)	Pursuit of life and non-life insurance activity	Option to allow the following:  (i) life insurance undertakings to obtain authorisation for non-life insurance activity for accident and sickness risks;  (ii) non-life undertakings authorised solely for writing accident and sickness risks to obtain authorisation to pursue life insurance activity.	YES	L	Article 75(2)	(2) By way of derogation from the provisions of subsection (1) –  (a) undertakings authorised to pursue life insurance business may also obtain authorisation for non-life insurance activities for the risks listed in the classes of accidents or illness (classes 1 and 2 in Part A of the First Appendix of this Law);  (b) undertakings authorised solely for the risks listed in the classes of accidents and illness (classes 1 and 2 in Part A of the First Appendix) may obtain authorisation to pursue life insurance business.  Provided that each activity shall be separately managed in accordance with the provisions of section 76 of this Law.
First sentence of paragraph 3 of Article 73	Pursuit of life and non-life insurance activity	Option allowing to provide for compliance of the undertakings referred to in Article 73(2) with accounting rules governing life insurance undertakings for all of their activities	YES	L	Article 75(3)	(3) Regardless of any provisions in this Law to the contrary, the undertakings referred to in subsection (2) shall comply with the accounting rules governing life insurance undertakings for all of their activities and pending coordination in this respect between member states on this issue, the said undertakings shall be governed by the same rules applicable to life insurance activities for their activities related to accidents and illness (Classes 1 and 2 of Part A of the First Appendix).
Second sentence of paragraph 3 of Article 73	Pursuit of life and non-life insurance activity	Option allowing within a winding-up procedure to apply the rules for life insurance activities to accident and sickness activities pursued by the undertakings under Article 73(2)	YES	L	Article 75(3)	(3) Regardless of any provisions in this Law to the contrary, the undertakings referred to in subsection (2) shall comply with the accounting rules governing life insurance undertakings for all of their activities and pending coordination in this respect between member states on this issue, the said undertakings shall be governed by the same rules applicable to life insurance activities for their activities related to accidents and illness (Classes 1 and 2 of Part A of the First Appendix).
Article 73(5), sub-paragraph 2	Pursuit of life and non-life insurance activity	Option allowing to require putting an end to the simultaneous pursuit of life and non-life activities within a certain period	NO			

Article 77d(1)	Volatility adjustment to the relevant risk-free interest rate term structure	Option allowing to require prior approval by the supervisory authority to apply the volatility adjustment to the risk-free interest rate term structure to calculate the best estimate referred to in Article 77(2)	YES	L	Article 83(1)	(1) The Superintendent may request from insurance and reinsurance undertakings to request the previous approval, to apply the volatility adjustment to the relevant risk-free interest rate term structure in order to calculate the best estimate referred to in subsection (1) of section 79 of this Law.
Article 148(2)	Notification by the home Member State	Option to require non-life insurance undertakings covering motor vehicle liability risks under the freedom to provide services to submit certain information	YES	L	Article 161(4)	(4) Where an insurance undertaking of a member state is active in non-life insurance and intends to provide services to cover motor vehicle liability (Class 10, Part A, First Appendix), other than carrier's liability, the Superintendent requires the undertaking to submit -  (a) the name and address of the representative referred to in paragraph (j), of subsection (1) of section 19;  (b) a declaration that it has become a member of the national bureau and national guarantee fund in accordance with the provisions of the Motor Vehicles (Third Party Liability) Laws of 2000, as amended or replaced at any given time.
Article 150(3)	Compulsory insurance on third party motor vehicle liability	Option for the host Member State to require insurance undertakings providing services to comply with rules concerning covering aggravated risks provided that they apply to non-life insurance undertakings	YES	L	Article 163(3)	(3) An insurance undertaking of a member state that provides services in the Republic shall comply with the provisions of this Law concerning the cover of aggravated risks, insofar as they apply to Cypriot insurance undertakings.
Article 152(4)	Representative	Option allowing to approve a claims representative appointed according to Article 4 of Directive 2000/26/EC as a representative under Article 152(1)	YES	L	Article 165(5)	(5) Where the insurance undertaking of a member state has failed to appoint a representative, the Superintendent may give his approval to the claims representative appointed in accordance with the provisions of the Motor Vehicles (Third Party Liability) Laws of 2000 as amended or replaced at any given time, to assume the function of the representative under this section.
Article 163(3)	Scheme of operations of the branch	Option allowing to require from insurance undertakings to submit systematic notification of the technical basis used for calculating premiums and technical provisions in regard to life insurance	YES	L	Article 178(3)	(3) In regard to life insurance, the Superintendent may require insurance undertakings to submit systematic notification of the technical bases used for calculating scales of premiums and technical provisions, without that requirement constituting a prior condition for a life insurance undertaking to pursue its business.

Article 169(2)	Separation of non-life and life business	Option allowing composite branches to pursue life and non-life insurance activities provided that each of the activities is separately managed	YES	L	Article 183(2)	(2) By way of derogation from subsection (1), the branches referred to in this Section, which, on the relevant date referred to in subsection (2) of section 75, pursued both activities simultaneously in the Republic, may continue to pursue this activity simultaneously, provided that each activity is separately managed in accordance with the provisions of section 76 of this Law.
Article 169(3), sub-paragraph 2	Separation of non-life and life business	Option regarding branches which on the dates referred to in the first sub paragraph of Article 73(5) pursued solely life insurance activity within the Member State, but which head office situated outside of the community simultaneously pursues life and non-life activities and subsequently wishes to pursue non-life insurance activity in that Member State.	YES	L	Article 183(4)	(4) The branches in this Section, whose head office simultaneously pursues both activities and which on the dates referred to in the first subsection (2) of section 75 pursued in the Republic solely life insurance activity may continue their activity there, and, where the undertaking wishes to pursue non-life insurance activity it may only pursue life insurance activity through a subsidiary.
Article 179(4), sub-paragraph 2	Related obligations	Option allowing to require the issue of a declaration that an insurance contract complies with specific provisions relating to compulsory non-life insurance	YES	L	Article 221(4) paragraph (b) second sentence	The Superintendent may require from every insurance undertaking a declaration confirming that the policy it is issuing complies with the specific provisions regulating the particular insurance.
Article 181(1), sub-paragraph 2	Non-life insurance	Option to require non-systematic notification of policy conditions and other documents to verify compliance with national provisions concerning insurance contracts	YES	L	Article 223(2)	(2) For the purpose of verifying compliance with the provisions concerning insurance contracts, the Superintendent may require non-systematic notification of those conditions and other documents in subsection (1), without those requirements constituting a prior condition by the Superintendent on an insurance undertaking to pursue insurance business.
Article 181(2), sub-paragraph 1	Non-life insurance	Option allowing to require communication of the general and specific conditions of compulsory insurance to the supervisory authority before circulating them	YES	L	Article 223(3),	(3) Regardless of the provisions of subsection (1), the Superintendent may require – (a) he is notified of the general and special terms of policies prior to their adoption, with regard to a class of insurance that is compulsory by laws in the Republic; or (b) the prior notification or approval of proposed increases in premium rates, as part of general price-control systems.

Article 182, sub-paragraph 2	Life insurance	Option allowing to require systematic communication of the technical bases used for calculating scales of premiums and technical provisions to verify compliance with actuarial principles	YES	L	Article 224(2)	(2) However, for the purpose of verifying compliance with the provisions concerning actuarial principles, the Superintendent may require systematic communication of the technical bases used in particular for calculating scales of premiums and technical provisions, without those requirements constituting a prior condition for an insurance undertaking to pursue insurance business.
Article 184(2), sub-paragraph 2	Additional information in the case of non-life insurance offered under the right of establishment or the freedom to provide services	Option to require for the name and address of the representative of a non-life insurance undertaking to appear in an insurance contract or other document granting cover	YES	L	Article 226(2)	(2) The contract or any other document granting cover, together with the insurance proposal where it is binding upon the policy holder, shall state the address of the head office or, where appropriate, of the branch of the non-life insurance undertaking which grants the cover, as well as the name and address of the representative of the non-life insurance undertaking referred to in paragraph (a) of subsection (4) of section 161 of this Law.
Article 185(7)	Information for policy holders	Option allowing to require the provision of additional information to ensure that policy holders understand the essential elements of the life insurance commitment	YES	L	Article 227(6)	(6) Regulations issued under the provisions of section 431 of this Law and are submitted to the House of Representatives for approval, may determine the announcement of additional information from the minimum information of subsection (1), only where such information is necessary for the proper understanding of the policy holder of the essential elements particulars of the commitment.
Article 186(2)	Cancellation period	Option allowing to not apply a cancellation period for policy holders in specific cases	YES	L	Article 228(3)	(3) The provisions of the above subsection do not apply – (a) where an insurance contract has a duration of six months or less or; (b) where the policy holder is not a natural person; or (c) where the insurance contract has been concluded for the purpose of securing a creditor who granted a loan to an insured, except where the latter was aware in advance that the loan has not been granted to him; or (d) where it concerns reinsurance contracts.
Article 189	Participation in national guarantee schemes	Option allowing to require compulsory participation of non-life insurance undertakings in host Member State guarantee schemes	YES	L	Article 230	An insurance undertaking in a member state or third country which operates on the basis of an authorisation for a branch in the Republic, and intends to pursue insurance business, immediately after the authorisation granted and before commencing its business, shall join an insurance fund or other similar body or organisation, recognised or established by existing legislation.

Article 197, sub-paragraph 1	Activities similar to tourist assistance	Option allowing to provide for assistance to persons in difficulties in circumstances other than those laid down in Article 2(2)	NO			
Article 198(2)(c)	Scope of this section	Option allowing to not apply the requirements for legal expenses insurance to the activity of legal expenses insurance undertaken by an assistance insurer under specific circumstances	YES	L	Article 238(2) paragraph (c)	(c) the activity of legal expenses, undertaken by an assistance insurer and which may be extended in the following cases and which complies with the following conditions: (i) the activity is pursued in a Member State other than that in which the insured person is habitually resident; (ii) the activity forms part of a contract covering solely the assistance provided for persons who fall into difficulties while travelling, while away from their home or their habitual residence.
Article 199	Separate contracts	Option allowing to request an explicit specification of the amount of the premium for legal expenses within the relevant contract	YES	L	Article 239	Legal expenses cover shall be the subject of a contract separate from that drawn up for the other classes of insurance or shall be dealt with in a separate section of a single policy in which the nature of the legal expenses cover and the amount of the relevant premium are specified.

Article 200(1), sub-paragraph 1	Management of claims	Option allowing to choose between three methods for the management of claims	YES	L	Article 240	<p>(1) The insurance undertaking that pursues legal expenses chooses one of the following alternative methods for the management of claims set out in paragraphs (a) to (c) as follows:</p> <p>(a) ensures that no member of the staff who is concerned with the management of legal expenses claims or with legal advice in respect of these claims does not pursue at the same time a similar activity -</p> <p>(i) for another class transacted by the insurance undertaking in addition to the legal expenses insurances; and/or</p> <p>(ii) in another undertaking linked with the same, having financial, commercial or administrative links and which pursues one or more of the other classes of insurance set out in the First Appendix of this Law, in addition to legal expenses class.</p> <p>(b) entrusts the management of claims raised in respect of legal expenses insurance to an undertaking having separate legal personality, in the form of a limited liability company or partnership and, if this company has links with financial, commercial or administrative links with another insurance undertaking that pursues one or more classes of insurance, the members of the staff of the said company, who are concerned with the management of claims or with legal advice connected with such management shall not pursue the same or a similar activity in the other insurance undertaking at the same time:</p> <p>Provided that the same requirements shall also apply on the members of the administrative and management of the company; or</p> <p>(c) The contract shall provide that the insured persons may instruct a lawyer of their choice or, to the extent that national law so permits, any other appropriately qualified person, from the moment that those insured persons have a claim under that contract.</p>
Article 200(3), sub-paragraph 2	Management of claims	Option allowing to extend the prohibition on simultaneous pursuit of the same or similar activity in a linked insurance undertaking to members of the administrative, management or supervisory body of the legal expenses insurance undertaking	YES	L	Article 240(1) paragraph (b) second sub-paragraph	<p>Provided that the same requirements shall also apply on the members of the administrative and management of the company.</p>



Article 202(1)	Exception to the free choice of lawyer	Option allowing the exemption from the free choice of lawyer rule in legal expenses insurance subject to certain conditions	YES	L	Article 242(1)	(1) The provisions of subsection (1) of section 241 of this Law, with regard to the right of the insured to freely chose his lawyer, do not apply if all the following conditions are met: (a) the insurance cover is limited to cases arising from the use of road vehicles in the territory of the Republic; (b) the insurance cover is connected to a contract to provide assistance in the event of accident or breakdown involving a road vehicle; (c) neither the legal expenses insurance undertaking nor the assistance insurer carries out any class of liability insurance; (d) measures are taken so that the legal counsel and representation of each of the parties to a dispute is effected by wholly independent lawyers where those parties are insured for legal expenses by the same insurance undertaking.
Article 206(1)	Health insurance as an alternative to social security	Option allowing to require: (a) compliance of health insurance contracts with specific legal provisions to protect the general good in the class of sickness insurance; and (b) communication to the supervisory authorities of the general and specific conditions of sickness insurance	YES	L	Article 245	Regulations may determine the conditions under which health insurance contracts (Class 2, Part A of the First Appendix) are permitted to replace, in part or in full, the health insurance provided for under the Social Insurance Laws of 2010 to (No. 2) of 2014, as amended or replaced at any given time, provided that such laws permit the replacement in question.
Article 206(2), sub-paragraph 1	Health insurance as an alternative to social security	Option allowing to require the operation of an alternative health insurance system on a technical basis similar to that of life insurance subject to specific conditions	NO			
Article 207	Compulsory insurance against accidents at work	Option allowing to require compliance of undertakings offering compulsory insurance against accidents at work with specific provisions of national law of the host Member State	NO			

Article 216(1), sub-paragraph 1	Ultimate parent undertaking at national level	Option allowing for supervisory discretion to apply group supervision to an ultimate parent undertaking at national level	YES	L	Article 254(1)	(1) Where the participating insurance or reinsurance undertaking or the insurance holding company or the participating financial company which has its head office in the Republic, and the ultimate parent undertaking on a national level, as referred to in section 253 of this Law has its head office in another member state, the Superintendent, as the national supervisory authority, may decide, after consulting the group supervisor and that ultimate parent undertaking at national level, to subject to group supervision the ultimate parent insurance or reinsurance undertaking or the insurance holding company or the participating financial company to the group supervisor and in such a case he shall explain his decision to the group supervisor and to the parent undertaking at national level. Sections 256 to 298 of this Law shall apply <i>mutatis mutandis</i> , subject to subsections (2) to (6).
Article 225, sub-paragraph 2	Related insurance and reinsurance undertakings	Option allowing to require taking into account the Solvency Capital Requirements and the eligible own funds in respect of related undertakings with a head office in another Member State, as laid down in that Member State, for the purposes of the group solvency calculation	YES	L	Article 263(2)	(2) Where the related insurance or reinsurance undertaking has its head office in a Member State other than that of the insurance or reinsurance undertaking for which the group solvency calculation is carried out, the calculation takes account, in respect of the related undertaking, of the Solvency Capital Requirement and the own funds eligible to satisfy that requirement as laid down in that other Member State.
Article 227(1), sub-paragraph 2	Related third-country insurance and reinsurance undertakings	Option allowing to require taking into account the Solvency Capital Requirements and the eligible own funds in respect of related undertakings with a head office in an equivalent solvency regime third country, as laid down in that third country	YES	L	Article 265(1) second paragraph	Provided that, where the third country in which that undertaking has its head office makes it subject to authorisation and imposes on it a solvency regime at least equivalent to that laid down in Part II, Sixth Chapter, for the particular undertaking the Solvency Capital Requirement and the own funds eligible to satisfy that requirement as laid down by the third country concerned shall be taken into account.
Article 275(1)	Treatment of insurance claims	Option to choose between two methods or a combination thereof to ensure that insurance claims take precedence over other claims against an insurance undertaking	YES	L	Article 327(1)	(1) Notwithstanding the provisions of section 300 of the Companies Law, insurance claims take precedence over other claims against the insurance undertaking as to the whole of its assets.
Article 275(2)	Treatment of insurance claims	Option to provide for the precedence of expenses arising from winding-up procedures over insurance claims wholly or in part	YES	L	Article 327(2)	(2) Subject to the provisions of subsection (1) with regard to the whole or part of the expenses arising from the winding-up proceedings, the provisions of section 300 of the Companies law shall apply.

Article 276(2), sub-paragraph 2	Special register	Option to require a single register to be kept by insurance undertakings covering life and accident and sickness risks	YES	L	Article 328(2) second paragraph	Provided that insurance undertakings that cover life and the risks listed in classes 1 and 2 of Part A of the First Appendix of this Law, must keep a single register for the whole of their activities.
Article 277	Subrogation to a guarantee scheme	Option to provide for the non-application of Article 275(1) to claims by insurance creditors where they have been subrogated to a national guarantee scheme	NO			
Article 279(2), sub-paragraph 2	Withdrawal of the authorisation	Option to provide that the pursuit of some activities during winding-up proceedings are subject to the consent and the supervision of the supervisory authority of the home Member State	YES	L	Article 329(2)	(2) The withdrawal of authorisation pursuant to subsection (1) shall not prevent the liquidator from pursuing some of the activities of the insurance undertaking in so far as that is necessary or appropriate for the purposes of winding-up and having obtained the express and special consent and under the supervision of the Superintendent for such activities.

Article 304(1)	Duration-based equity risk sub-module	Option to authorise life insurance undertakings to apply a duration-based equity risk sub-module under certain conditions	YES	L	Article 418(1)	<p>(1) The Superintendent may authorise life insurance undertakings providing retirement benefits paid by reference to reaching or the expectation of reaching retirement, where the premiums paid for those benefits have a tax deduction for the policy holders in accordance with the relevant legislation of the Republic and where –</p> <p>(a) all assets and liabilities corresponding to the business are ring-fenced, managed and organised separately from the other activities of the insurance undertakings, without any possibility of transfer;</p> <p>(b) the activities of the undertaking related to the said retirement benefits, in relation to which the approach referred to in this subsection is applied, are pursued only in the Republic; and</p> <p>(c) the average investment duration of the liabilities corresponding to the business by the undertaking exceeds an average of twelve years,</p> <p>to apply an equity risk sub-module of the solvency capital requirement, which is calibrated using a Value-at-Risk measure, over a time period which is consistent with the standard holding period of equity investments for the undertaking concerned, with a confidence level providing the policy holders and the beneficiaries with a level of protection equivalent to that set out in section 107, where the approach provided for in this section is used only in respect of those assets and liabilities referred to in paragraph (a). In the calculation of the solvency capital requirement, those assets and liabilities shall be fully considered for the purpose of assessing the diversification effects, without prejudice to the need to safeguard the interests of policy holders and beneficiaries in other member states.</p>
Article 305(1)	Derogations and abolition of restrictive measures	Option allowing for the granting of exemptions of non-life undertakings with certain maximum premium income which did not meet solvency requirements on 31 January 1975 from the requirement to establish a minimum guarantee fund	NO			
Article 308b(15)	Transitional measures	Option allowing to continue to apply the laws, regulations and administrative provisions that have been adopted with a view to complying with Articles 1 to 19, 27 to 30, 32 to 35 and 37 to 67 of Directive 2002/83/EC until 31 December 2019	NO			

308b(16)	Transitional measures	Option allowing the ultimate parent insurance or reinsurance undertaking, during a period until 31 March 2022, to apply for the approval of an internal group model applicable to a part of a group	YES	L	Article 422(18)	(18) Notwithstanding the provisions of section 277 of this Law, an ultimate holding insurance or reinsurance undertaking, for the period up to 31 March 2022, may submit to the Superintendent, as the group supervisor, applications for the approval of group internal models to be applied to sections of the group, if both the subsidiary and the ultimate holding undertaking are situated in the same member state and if the particular section constitutes a separate section with a significantly different risk profile from the remaining group.
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(<sup>1</sup>) text of Law (L), regulation (R), administrative rule (A).

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