


Chapter 1

Commission Delegated Regulation (EU) 2018/959



Article 42 Alignment of the risk mitigation calculation with the operational risk profile

For the purposes of assessing that the risk mitigation calculation is aligned with an institution's operational risk profile in a timely fashion, as referred to in point (iii) of Article 36(d), competent authorities shall confirm at least the following:

- (a) that the institution has reviewed the use of insurance and has recalculated the AMA own funds requirements, as appropriate, where the nature of the insurance has changed significantly or where there is a major change in the institution's operational risk profile;
- (b) where material losses are incurred, affecting the insurance coverage, that the institution recalculates the AMA own funds requirements with an additional margin of conservatism;
- (c) where there is an unexpected termination or reduction of the insurance coverage, that the institution is prepared to immediately replace the insurance policy on equivalent or improved terms, conditions and coverage, or to increase its AMA own funds requirements to a gross-of-insurance level;
- (d) that the institution calculates capital gross- and net-of-insurance, at a level of granularity such that any erosion in the amount of insurance available, including by payment of a material loss, or a change in insurance coverage, can be immediately recognised for its effect on the AMA own funds requirements.