Title: Technical reserves of non-life insurance in the internal solvency model
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Abstract: In this work we study and describe calculation of solvency capital using the standard formula contained in the Directive of the European Union (Solvency II), which should be put into practice in Europe on 1 January 2013. This calculation is described in quantitative impact study 5. We describe a general approach to risk measurement and we show some particular practical measures used to risk measurement. We explain under what conditions the standard formula or its parts can be replaced by internal model. Next, we show disadvantages of using the standard formula and we propose possible internal model to calculate risk premiums and risk reserves in non-life insurance. Finally we apply the proposed model for calculation risk reverses in non-life insurance in practice.

Keywords: Standard formula, Risk measurement, Solvency II, Internal model;