EIOPA 2024 Stress Test Exercise
Questions and Answers
22 April 2024

Question ID	Publication date	Topic	Paragraph / Template	Question	Answer
1	22-Apr-24	Technical Specifications	128	Within the context of the paragraph 128 of the Technical Specifications, can you please specify which shocks should be taken into account?	The provided RFR rates, within the techncial information file, shall be used for the purposes of evaluating the liabilities. For all other purposes that interest rate swaps shocks are required, e.g., asset revaluations, the shocks that shall be utilised are the ones of the tab "Market_Shocks" of the technical information file titled "Shocks to swaps absolute changes (basis points)", specifcially in the range B2:P25. This will be clarified in the corresponding paragraph of the Technical Specifications.
2	22-Apr-24	Technical Specifications	130	Could you specify the shocks to market-implied expectations on inflation (inflation-linked swaps) in terms of absolute changes (basis points) that we should take into account for maturities that are not explicitly provided and for maturities greater than 10 years?	IRS refers both to nominal swap rates and inflation-linked swap rates (see paragraph 124 of the TS), therefore the methodology described in paragraph 130 of the TS applies to the shocks for inflation linked swaps (in the "Market_Shocks" tab) for maturities not provided, namely : "Shocks to sovereign bonds spreads and IRS for maturities not provided in the technical information file should be derived: • by interpolation (e.g., spline) for maturities that are not explicitly provided and that are not exceeding the last maturity provided with an explicit shock; • by keeping the shock constant for all maturities exceeding the last maturity provided with an explicit shock."
3	22-Apr-24	Technical Specifications	160	Could you confirm that the Mass Lapse shock should be applied to all homogeneous risk groups, including those where the shock would lead to a reduction in technical provisions?	The mass lapse shock shall be applied to all policies independently of whether the discontinuance would result in an increase of technical provisions (with/without the risk margin) or not, Paragraph 160 will be amended accordingly.
4	22-Apr-24	Technical Specifications	160	Should the Mass Lapse shock be applied to credit insurance?	Lapse shock applies only to non-mandatory life contracts. Credit insurance contracts include both non-life guarantees and life guarantees such as term insurance which shall be excluded from the lapse shock as set out in Figure 8 of the technical specifications.
5	22-Apr-24	Technical Information		Could you please provide all the market shock values that are applied within the insurance stress test 2024, i.e. shocks to swaps in absolute changes (basis points) for all maturities that are applied before Smith-Wilson extrapolation?	The liabilities shall be recomputed according to the RFR curves provided in the technical information. The parameters to derive the curves are available in the "Shock_Scenario_RFR_spot_with_VA" and "Shock_Scenario_RFR_spot_no_VA" in lines 4 to 10. The shocks to swaps in absolute changes (basis points) that are applied before the Smith-Wilson extrapolation are in the "Market_Shocks" tab (Table "Shocks to swaps absolute changes (basis points)", range B2:P25) in the technical information file. These shocks are utilized to derive the EIOPA risk-fee rate (RFR) curves via the Smith-Wilson model according to the EIOPA methodology (see Paragraph 125 of the TS), which are also provided in the technical information file. Shocks to swaps for maturities not provided are derived by interpolation before the last maturity and kept unchanged for all maturities exceeding the last maturity provided (see Paragraph 130 of the TS). See also question 1.