

EIOPA-BoS-21-159

6/5/2021

**Insurance Stress Test 2021**

**Capital component**

**Questionnaire**

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| **Version** | **Reference** | **Amendment** |
| V1.0 | 1st draft | - |
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The aim of this questionnaire is to provide additional insights on the drivers of the impact of the stress test and should address the ‘story behind the figures’ that have been submitted by the group. It should also cover the use of simplifications and approximations for the calculation of the post stress figures, especially for the post stress SCR calculation.

Distinct part of the questionnaire refers to the reactive management actions and it aims to provide the further insights and comprehensive understanding on the selection and application of the actions.

1. Simplifications and approximations

1. **Scope**: Please indicate where you deviated from the regular process used during the annual Solvency II reporting.

* Entities in scope
* Consolidation of the data

*Please insert your answer here:*

2. **Group consolidated based approach**: in case you applied a group consolidated-based approach, e.g. a method which approximates the impact of the stress on asset over liabilities and SCR on the group as a whole, without aggregating SCR or technical provisions on a solo basis, please attach the technical documentation for this approximation and answer the following questions.

1. Please describe and discuss where the approximation is applied in practice (for example Sensitivity- or Stress-Test-Analysis in the ORSA).

*Please insert your answer here:*

1. Please describe and discuss the steps undertaken in order to assess the quality of the approximation. Please describe how you measure the quality of the approximation as well as the results of the last quality check.

*Please insert your answer here:*

1. Please describe and discuss whether you amended the approximation for the stress test and why. Please assess the errors that could occur in the stressed environment.

*Please insert your answer here:*

3. **Assets**: In case the assets are not treated via a full look-through approach, please indicate:

1. How material is the portion of assets not treated via look-through (percentage of total assets).

*Please insert your answer here:*

1. Please indicate how you shocked the part not treated via look-through.

*Please insert your answer here:*

1. Please indicate any other simplification you applied in the calculation of the post-stress value of your assets (e.g. duration-based approaches).

*Please insert your answer here:*

1. The 2021 ST prescribes to shock the whole value of a participation into a financial institution applying the shock to equity, independently whether the financial institution is subject to specific regulation (e.g. Basel III for banks). Please provide an assessment of the impact of the scenario on your participation according to your internal valuation (please provide background information

*Please insert your answer here:*

4. **Liabilities**: please indicate:

1. The portion of liabilities revaluated according to the standard approach used in the regular reporting.

*Please insert your answer here:*

1. The portion of liabilities revaluated according to simplified approaches. Please describe the approach used (e.g. model points)

*Please insert your answer here:*

1. In case you use regression techniques in the calculation of the best estimate liabilities, please indicate if the calibration of the embedded parameters has been kept constant with respect to the baseline. In any case, please provide credible quantitative or qualitative arguments that the approximations are appropriate with regard to the quality of the results.

*Please insert your answer here:*

1. Please indicate whether you applied a simplification for the Risk Margin complemented with information on the used approach and its rationale.

*Please insert your answer here:*

1. Please describe potential simplifications used in the application of the insurance specific shocks. Complement your answer with an assessment of the impact of this approximation and its rationale.

*Please insert your answer here:*

5. **Other Balance sheet items**: please indicate:

1. The technical specifications allow for simplifications in the calculation of the Deferred Tax Assets and Deferred Tax Liabilities. Please indicate if the approach you followed in the calculation of the post-stress DTA/DTL departs from the approach used in the regular reporting. Complement your answer with an assessment of the impact of this approximation and its rationale.

*Please insert your answer here:*

1. Please indicate any other relevant approximation used in the calculation of the post-stress balance sheet not already covered. Complement your answer with an assessment of the impact of this approximation and its rationale.

*Please insert your answer here:*

**6. Group SCR**: Please indicate if and where in the calculation of the pot-stress SCR you deviated from the regular approach used for the group solvency calculation during the annual solvency II reporting.

1. Please indicate if you excluded specific SCR submodules or risk factors as a simplification, and provide an indication about the materiality of this simplification.

*Please insert your answer here:*

1. Please indicate if you excluded subsidiaries or other related entities as a simplification, and provide an indication about the materiality of this simplification.

*Please insert your answer here:*

1. LAC DT: Please describe and justify the key assumptions used for the calculation of the LAC DT after stress. In particular, if the amount of the LAC DT is bigger than the amount of the DTL before shock, explain how the amount of LAC DT exceeding the DTL pre-shock is justified by probable future profits.

*Please insert your answer here:*

1. LAC DT: In case you are not pursuing a full recalculation of the LAC DT according to the process used for the regular reporting, please describe and justify any simplification used in the calculation and their rationale.

*Please insert your answer here:*

1. Please indicate other elements where you deviated from the regular process used for the group solvency calculation (especially the post stress SCR calculation) and provide an indication about the materiality of deviations.

*Please insert your answer here:*

1. Reactive management actions

1. Please document in details the reactive management actions taken.

*Please insert your answer here:*

2. Please indicate which shock(s) triggered the application of the reactive management actions.

Please refer explicitly, and to the highest granularity, to the shocks as mentioned in the technical specifications or to specific points in the narrative.

In case a management action was triggered due to more than one shocks, indicate clearly the triggering set of shocks and please answer the question accordingly.

*Please insert your answer here:*

**For each reactive management action identified:**

1. Please provide details and discuss:
   1. The internal policies/processes based on which the decision would have been *taken*.
   2. The internal committees and other stakeholders that would have been required for the decision to be taken.

*Please insert your answer here:*

1. Please provide details and discuss:
   1. The steps foreseen to be required to follow to implement the management action.
   2. The estimated time required for the action to be implemented, clearly indicating the underlying justifications/assumptions of this estimation.

*Please insert your answer here:*

1. Please indicate the expenses you foresee to be required and/or arise from the reactive management actions.

*Please insert your answer here:*

1. Please provide details and discuss why the actions taken are appropriate and plausible in the context of the adverse conditions of the stress scenario.

Please identify all relevant assumptions made.

When the management action is of long-term/strategic nature, please clearly discuss and document its estimated long-term impact.

*Please insert your answer here:*

1. Please provide other relevant comments.

*Please insert your answer here:*

1. Stress Scenario with and without reactive management actions

1. What is your overall assessment of the impact of the scenario on the solvency position of the group? Which new insights or attention points did the results of this scenario provide? Will there be a follow-up on any item or issue as a result of this exercise?

*Please insert your answer here:*

***A. Impact on excess of assets over liabilities***

2. Please identify and discuss the underlying drivers behind the change in total assets.

* Please identify and discuss the underlying drivers behind the most important changes on the asset side of the balance sheet.
* Please identify and discuss the underlying drivers behind the change in deferred tax assets after stress.

*Please insert your answer here:*

3. Please identify and discuss the underlying drivers behind the change in total liabilities.

* Please identify and discuss the underlying drivers behind the most important changes on the liability side of the balance sheet. In case of positive effect after applying a shock, please clearly identify and discuss the magnitude and drivers.
* Please identify and discuss the underlying drivers behind the change in deferred tax liabilities after stress.

*Please insert your answer here:*

4. Please identify and discuss the impact of the use of LTG and Transitional measures on the technical provisions.

*Please insert your answer here:*

5. The discount curves to be used under stressed scenario are based on the level of the UFR to be used for the regular reporting in 2021. Please provide an estimation of the impact on your liabilities and solvency position against a material drop in the UFR. Please submit with your estimation background information on the assessment.

*Please insert your answer here:*

6. Identify and discuss the impacts of the enforced reactive management actions. Specify for each management action the main items of the balance sheet affected. Please provide an estimation of such impact.

*Please insert your answer here:*

***B. Impact on total eligible own funds to meet the group SCR***

7. Please identify and discuss the underlying drivers behind material changes in own funds coming from other financial sectors and/or undertakings included via D&A.

*Please insert your answer here:*

8. Please identify and discuss the underlying drivers behind the most important changes in own fund items part of total basic own funds after deductions and ancillary own funds.

*Please insert your answer here:*

9. Please identify and discuss the underlying drivers behind material changes in the tiering of the total eligible own funds to meet the group SCR.

*Please insert your answer here:*

10. Identify and discuss the impacts of the enforced reactive management actions. Specify for each management action the main items of the Eligible Own Funds affected. Please provide an estimation of such impact.

*Please insert your answer here:*

***C. Impact of group SCR***

11. Please identify and discuss the underlying drivers behind material changes in the group SCR coming from entities included with the D&A method.

*Please insert your answer here:*

12. Please identify and discuss the underlying drivers behind material changes in the group SCR coming from the consolidated group SCR, identifying and discussing the underlying drivers behind the most important changes in the SCR modules or components

*Please insert your answer here:*

13. Please identify and discuss the underlying drivers behind the changes in the LAC TP and LAC DT

*Please insert your answer here:*

14. Please identify and discuss the impact of the use of LTG and Transitional measures on the group SCR.

*Please insert your answer here:*

15. Please provide information on the marginal impact of each insurance specific shocks on your assets, liabilities and SCR. The information should be as much accurate as possible.

*Please insert your answer here:*

16. Identify and discuss the impacts of the enforced reactive management actions. Specify for each management action the main items of the SCR affected. Please provide an estimation of such impact.

*Please insert your answer here:*

***D. Other information***

1. Please give a short description of the internal validation process used during this stress test. In what respect does this process deviate from the validation process used for the regular Solvency II reporting?

*Please insert your answer here:*

2. Please describe the management attention that is given to the results of the stress test. At which committees have (will) these results been discussed?

*Please insert your answer here:*