



Question ID	Publication date	Related ST or QA document/ topic	No. Paragraph	Question	Answer
1	01/06/2016	Template		Should the impact on the SCR and MCR be included in the post stress LTG tabs (DH.LTG and LY.LTG) given that there is no requirement for SCR and MCR recalculation?	No, the post stress LTG tabs should not require the impact on SCR and MCR. The cells (M20, M22, O20, O22) have been greyed out in the updated version of the templates as this information is not requested.
2	01/06/2016	Technical Specifications	23	Could you please clarify in table 1, what is the shock for the B rated bonds ?	This clarification will be included in the updated specifications. The wording in paragraph 23 for the bond buckets will be "B and lower" instead of "lower B" .In table 1, it will be "B<=" instead of "B<".
3	01/06/2016	Technical specifications	Table 1	Could you clarify how should the shocks in table 1 be interpreted in connection to the technical information, in particular on equity outside the EU?	<p>Table 1 in the Technical Specifications has been amended to reflect information that was missing or included only in Technical Information. In particular:</p> <ul style="list-style-type: none"> <li>• For Norway, on sovereign bonds, the shock for different maturities is the average of the shocks to two neighbour countries (i.e. Finland and Sweden). These shocks were already included in the technical information and they are now reflected in Table 1. For properties and equities shocks, the same approach was applied and reflected in the table.</li> <li>• For Lichtenstein, the shock on properties prices for Luxembourg is used as a proxy.</li> <li>• In the case of Estonia, shocks for sovereign and equities are proxied with the EU average.</li> </ul> <p>The following sentences have been added to paragraph 30: "Whenever the stresses are different per country, geographical area or currency they should apply only to the countries and currencies included in the current specifications and technical information (see technical information at EIOPA webpage). For instance corporate bonds are shocked globally regardless of the country of issuance, while equities outside EU/EEA are not shocked in this exercise."</p>
4	01/06/2016	Technical specifications	48	Is the recalculated equity dampener needed for this exercise?	It is not needed, as there is no request for recalculation of the SCR in the DH scenario. Only the derivatives analysis requires a recalculation of the SCR after the shocks, but this analysis is only relevant for the low for long scenario and under this scenario the equity dampener does not change. The last sentence of paragraph 48 in the technical specifications was deleted: "A specific equity dampener of -10% shall be applied in the DH scenario."
5	01/06/2016	Technical Specifications	50	Which figures are to be used when calculating the duration in the derivative analysis?	The duration asked in the context of the derivative analysis is calculated for the liabilities with options and/or guarantees, so it mainly involves the category "Technical provision – life (excluding health and index-linked and unit-linked)" but also other business supported by derivatives (e.g. some variable annuities). The asset duration is calculated for the assets covering these liabilities.

6	01/06/2016	Technical Specifications	50	How do derivatives affect durations in the derivative analysis?	The derivative positions should be seen together with asset duration and only affect this, also in case where the net value of the derivative position has a negative value.
7	01/06/2016	Template	D. Derivatives	Should the SCR sensitivity be reported in the D.Derivatives tab?	Calculation of SCR sensitivity will not be asked for. The field has therefore been deleted from the template.
8	01/06/2016	Template	D. Derivatives	Is it correct to assume that the fields for calculation of liability duration in the low for long scenario and in the calculation for best estimate in case of "without derivatives" must be open in case the optional recalculation of liabilities is used?	Correct. The fields has been opened in the updated template.
9	01/06/2016	Template	D. Derivatives	Where do we find the field for information on the assets covering the liabilities?	The field "Amount of assets covering the liabilities" has been added in the Baseline and Low for long table.
10	01/06/2016	Technical Information	Page 13	<p>On page 13 of the TechSpec it is written that the shocks to Euro Swap rates are, respective for maturities of 7, 10 and 20 years: -61, -61 ,-61. However, the differences of the Euro spot rates in the excel sheet are for the same maturities, respectively: -73, -62,-63.</p> <p>I would not mind the differences of one and two BP for maturities 10 and 20 years. These are spot rates calculated from swap rates, and the shocks were defined on the swap rates, not on the spot rates. However, I would assume that the 7 year maturity shock cannot have been -61 BP as informed in the TechSpec. Could you please check that?</p>	Table 1 reported a typo in the shock to EUR-SWAP rates for maturity 7Y. The table has been amended, namely the shock for maturity 7Y shows now -72 bp. Technical Information was already correct, hence no amendment is needed.

11	08/06/2016	Technical Information	4.2 - Table 1	<p>DH: Sovereign stress set to 'n.a' vs 'prescribed risk free rate stress':</p> <p>In sheet 'Sovereign_bond' of the Technical Informations, several countries sovereign bonds have stresses set to 'n.a'. These countries are out of EU, and we understand that this approach corresponds to the description of paragraph 29 (p.12).</p> <p>Although in parallel, EIOPA has disclosed in sheet 'Main_RFR' shock on the risk free rate curves.</p> <p>Should we understand that for those sovereign bonds, the yield stress equals the risk free stress ?</p>	<p>Your understanding is correct. The sovereign stresses should only be applied to the countries as listed in table 1 of the technical specifications (see also the answer to question 3 published on 1 June). Regarding interest rate stresses the approach is different: Within the 'technical information sheet', also the risk free rates of non-European currencies are shocked reflecting the idea of a low yield environment expanding to all countries. The liquid part of these shocked risk free rate curves are then to be used as an input to derive certain specific non-European asset shocks related to interest rate movements in that scenario. Beyond the liquid part the shock level at the last liquid point is carried forward as a constant value.</p> <p>In summary, this approach entails that for non-European government bonds only the swap rate declines have an impact and there should not be any impact on the credit spread of these bonds (i.e. the double-hit mechanism as explained in paragraph 30 of the technical specifications is not applicable to these specific government bonds).</p>
12	08/06/2016	Technical Information	4.2 - Table 1	<p>DH: Corporate bond yields shocks geographical perimeter</p> <p>What is the geographical perimeter of the shocks on corporate bond yields described in the table at the bottom of p.13 of the Technical Specifications? Do these shocks apply only to corporate bonds located in the EU or to corporate bonds located in other countries as well ?</p>	<p>The Corporate Bond Yield shocks should be applied to all corporate bond exposures, also the exposures outside EU, according to the split provided in table 1. See also answer to question 3 published on 1 June.</p>
13	08/06/2016	Template	0.liabilities.Char	<p>How should we fill the 2nd table on sheet 0.liabilities.Char? As we understand it, the first table must be filled with information regarding the guaranteed rate on existing policies bucketed to different maturities. However we are unclear about the second table, as the information that you are looking for are policies without guaranteed rate (based on the title of this table). So we do not understand why there are several lines with different percentages for guaranteed rates in the second table.</p>	<p>The difference between Table Q.1.1 and Q.1.2 is whether the guaranteed rate also applies to new (future) premiums. In those cases where the same guaranteed rates apply to all future premiums in all contracts only the table Q.1.1 should be filled in.</p>
14	08/06/2016	Tab "LY.Q" rows 63-134	n/a	<p>on lapses (and TS para 71). It is not clear what is required here. Is it percentage payments due to policyholders exercising options such as lapse, transfer or maturity, (so it shouldn't include payments where policyholder doesn't make an option such as death or annuity benefits).</p>	<p>The values to be included refer to options voluntarily exercised by policyholders as stated in the Commission Delegated Regulation (EU) 2015/35 Art 1.13 and Art 1.14. (see footnote 23 parag 71 of Tech Specifications) Namely:</p> <ul style="list-style-type: none"> <li>(i) voluntary termination of the policy with or without the payment of a surrender value;</li> <li>(ii) change of insurance or reinsurance undertaking by the policy holder;</li> <li>(iii) termination of the policy resulting from the policy holder's refusal to pay the premium.</li> </ul>
15	08/06/2016	RFR tool	n/a	<p>We note that for the GBP, France &amp; Greek risk free curves that the Double Hit curve is higher than the baseline where the VA is applied, but lower where there is no VA. Is the DH curve with the VA correct?</p>	<p>The curves are correct and the same behaviour can be observed in the other countries of the Eurozone. It depends on the recalculation of the VA under the DH scenario that encompasses severe shocks to the RFR and Corporate/Government bonds. In order to capture the effects of the VA, stress test participants are required to report relevant figures calculated with and without LTG measures.</p>
16	08/06/2016	RFR tool - VA curves	n/a	<p>Can you please confirm the methodology behind the development of the VA curves for Sterling/UK with and without VA? Is it a mechanical or dynamic calculation?</p>	<p>Curves and volatility adjustments are computed according to the standard EIOPA approaches. See <a href="https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures">https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures</a>.</p>
17	08/06/2016	Templates	"0.Assets" - Derivatives	<p>Can you clarify how the derivative section 1.4 in the "0.Assets" tab should be populated?</p> <p>The rest of the information in the "0.Assets" tab relates to fixed income products, and therefore we're wondering if we should populate this for: 1) All derivatives held and 2) Bond based derivatives only.</p>	<p>Table Q.1.4 relates to interest rate derivatives.</p>

18	08/06/2016	Templates		Will you require separate template submissions for each With-Profit sub-fund? [current working assumption: The submission will be a single template with PLL entity level consolidated results. Information on sub-fund level impacts could be provided on request and/or summarised in the cover memo.]	The submission should be a single template with entity results.
19	08/06/2016	SCR calc		When calculating the scenario impacts can we assume the SCR is unchanged under stress? [current working assumption: The SCR can be assumed unchanged under the stress scenarios as a simplifying assumption.]	Your assumption is correct. See last sentence of paragraph 55 in the TS for further clarification. Only for the "derivatives analysis the recalculation of the SCR is required, provided that this analysis is made compulsory by the relevant NCA.
20	08/06/2016	DH scenario		What assumptions should be used for the EIOPA fundamental spread under the "double hit" scenario? [current working assumption: The fundamental spreads remain unchanged under the double hit scenario.]	Your assumption is correct.
21	08/06/2016	Transitional Measure for Technical Provisions (TMTP) calculation		When calculating the scenario impacts do we assume that the Transitional Measure for Technical Provisions (TMTP) recalculation is triggered? [current working assumption: If either scenario would trigger the conditions set out in SS6/16, then a recalculation of TMTP would be assumed to happen under the stress.]	The assumption is wrong. The adjustments derived from the transitional measures both on the risk-free interest rates and on technical provisions shall be calculated in the pre-stress scenario and then be kept constant in the post-stress scenario. Additionally the stress test template allows participants to report for an (optional) full recalculation of these transitionals See paragraph 44.2 of the TS.
22	15/06/2016	Technical Specifications	3.2	What about the stress on Time deposits for DH? Will it be the same as for Corporate bonds depending on Issuer rating and maturity?	Note that time deposits as well as the cash deposits are not explicitly mentioned in table 1 of the TS and therefore should not be shocked in the DH scenario.
23	15/06/2016	Technical Specifications		Is our assumption correct that we recalibrate the initial asset market values according to the shocked interest rates?	Yes, your assumption is correct. For the Double-Hit scenario refer to answer to question 11. For the LY scenario refer to answer to question 31.
24	15/06/2016	Technical Specifications	Section 4.2	The LY has a shock of the UFR. However the specification for the DH does not mention any UFR. Are we supposed to use our internal model UFR?	DH scenario does not shock the UFR. For example for the euro it is kept at 4.2% as in the baseline scenario (EIOPA risk free rate curve). DH shocks are applied only to the liquid part of the curve according to the scenario developed in cooperation with the ESRB. (refer to TS Table 1 and to the background document ESRB "double-hit" scenario for EIOPA insurance stress test 2016) The Technical Information Excel file provides the full set of risk free rate curves for each country under the 3 scenarios (Baseline, DH, and LY). Curves shall be applied by participants as displayed in this Excel file.
25	15/06/2016	Reporting	hybrid entity	Is our understanding correct that business related to "Invalidité" and "Accident du travail" (i.e., IVE, IVP, ATE, and ATP) must be reported as part of "Annuities stemming from non-life contracts" and "Health insurance"?	For the '0.Liabilities.Char'-sheet, part 2. 'Technical provision assessment', a similar breakdown as in the Solvency II QRT S.12.01.01 should be applied. The breakdown of '0.Liabilities.CF' sheet, is based on the Annual Solvency II reporting Solo S.13.01.01 template. In line with the Log file for that template the future CF relative to annuities from Health obligations should be reported as part of "Annuities stemming from non-life contracts".

26	15/06/2016	Technical Information	0	Which liabilities should be used for the basis of the D.Derivatives tab (e.g. including or excluding unit linked)?	In line with answer to question 5, that the duration asked for may be calculated for the liabilities with options and/or guarantees, so it mainly involves the category "Technical provision – life (excluding health and index-linked and unit-linked)". However, as it may also cover other business supported by derivatives (e.g. some variable annuities), a new field has been added to the template asking specifically for the (amount of) liabilities used for the calculations.
27	15/06/2016	Technical Specifications	Table 1, P.12	Which kind of stresses should be applied to supranational bond exposures?	Table 1 of the technical specification does not include a shock to the yield of any bond issued by supranational institutions, either EU or non-EU supranational institutions. Hence no shock is applied to the yield of any bond issued by institutions. The double-hit scenario will only impact the market value of these bonds through the change in the risk free rate.
28	15/06/2016	Technical Specifications	Paragraph 30, P. 12	Which kind of assessments would be allowed to link the mortgage exposure to covered bond rating classes? Is it allowed to link 'loan-to-value'-ratios with ratings? Can one use internal rating based systems? Any other techniques?	Participants are allowed to use internal and external credit assessments in line with Solvency 2 framework (see Commission Delegated Regulation (EU) 2015/35 Art 4 retrievable at: <a href="http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2015:012:FULL&amp;from=EN">http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2015:012:FULL&amp;from=EN</a> )
29	15/06/2016	Templates	LTG.LTG	In column O the impact of symmetric adjustment to the equity risk sub-module put to zero on the Technical provisions, Basic Own Funds, Eligible own funds to meet Solvency Capital Requirement, Solvency Capital Requirement, Eligible own funds to meet Minimum Capital Requirement and Minimum Capital Requirement has to be calculated. In our understanding the "symmetric adjustment" only has an impact on the SCR and MCR and not on the Technical provisions, the Basic Own Funds, the Eligible own funds to meet Solvency Capital Requirement or the Eligible own funds to meet Minimum Capital Requirement. Is it correct that we should only calculate the impact of the "symmetric adjustment" on the SCR and MCR?	Yes, the assumption is correct.Proposal for amending the template to make own funds and TP cells in columns O and P grey.
30	15/06/2016	Templates	0.Assets	At the template sheet 0.Assets only the table "Q2.2 Credit quality" has a note that scope is assets excluding unit-link. Does that mean that all other tables Q1.1-Q1.4, Q2.1 and Q2.3 should include the unit-link assets?	All tables in 0.Assets should exclude assets held for pure unit-linked products. This has been clarified in the updated reporting templates. The updated reporting templates also make it clearer that table Q.1.2. in 0.Liabilities.Char does not include pure unit-linked products.
31	15/06/2016	Technical Specifications	28	Chapter 4.1 paragraph 28 on page 11 says: "28. For the LY scenario all other parameters, such as spreads, shall be considered unchanged with reference to the valuation before stresses are applied." We interpreted this so that spreads relative to the 'basic risk free curve' remain constant, which implies that the assets sensitive to interest rates are meant to be stressed (revalued) by the change in the interest rate (from base to LY). Is our interpretation that also assets are stressed in the LY scenario correct?	This interpretation is correct: all interest rate sensitive assets should be re-valued according to the change of the basic risk-free interest rate term structure in the LY scenario.
32	15/06/2016	EIOPA-BoS-16-109 ST2016 Technical Specifications (20160601).pdf	30	Paragraph 30 on page 12 says that "equities outside EU/EEA are not shocked in this exercise". However, there is a -23.3 % stress parameter specified for Global private equity. Have we understood correctly that listed equity investments outside EU are not stressed at all even though the private equity investments outside EU are stressed by 23.3 %?	Yes, your understanding is correct. Listed equity investments outside EU are not stressed, but private equity is.
33	15/06/2016	Template	P.Participant	With respect to cells B25/B26/B27: what is exactly meant by 'group'; the total group (including for instance bank subsidiaries of a conglomerate) or the insurance group only?	The scope of group is equal to the scope of group in Solvency II Day one group reporting.
34	15/06/2016	Template	0.Assets	Cell H83: which duration is meant?	Modified duration. Template has been updated to clarify this.
35	15/06/2016	Template	0.Assets	Credit quality steps: can insurance undertakings estimate the credit quality of unrated investments in other insurance companies and banks by using their Solvency II ratio resp. CRD IV figures?	For the purpose of applying the shocks in the DH scenario of the stress test the unrated investments in other insurance companies and banks should remain unrated.

36	15/06/2016	Template	0	Can or should the value of non-consolidated participations change following the risk free rate shock? For instance non-consolidated participations in insurance subsidiaries are expected to change due to the risk free rate shocks.	The value of non-consolidated participations should remain constant.
37	15/06/2016	Template	LY.LTG	What is the difference between column D and O (besides the fact that D is auto-filled and O should be calculated). What does 'with full recalculation' mean? Does column 'O' correspond to the amount of TP or BOF with LTG and transitional measures or to the impact of those?	See paragraph 44.2 of the TS. In column 'D' participants shall report the results of applying the mandatory approach for the purpose of the stress test to the adjustments derived from the transitional measures both on the risk-free interest rates and on technical provisions, while reporting on column 'O' is just optional. In column 'D' these adjustments shall be calculated in the pre-stress scenario and then be kept constant in the post-stress scenario). Additionally column 'O' allows participants to report, on optional basis, the result of those adjustments from transitionals as if they were not kept constant but were calculated after the shocks. Both columns, i.e. 'D' and 'O', refer to the amount of the relevant element in column 'B' with LTG and transitional measures and not to the difference or the impact of those measures. The LY.LTG template already is amended to highlight that filing column 'O' is optional.
38	15/06/2016	Template	LY.Q and DH.Q	Is it assumed that the recovery period is constant, or can companies assume that EIOPA uses its discretionary power to extent the recovery period, given the size of the shocks?	The recovery period remains constant.
39	15/06/2016	Template	LY.Q	Table 7: does this table include assets to cover unit linked policies? How many years of projections does EIOPA expect to be filled?	The projection years for the assets should be the same as the projection horizon of the liabilities. The assets that should be covered in this table are the assets that are being projected which are needed to make a full projection for your liabilities.
40	15/06/2016	Template	Tab 0.Liabilities.Char	Cells Q12:Q23: how should the weighted average of the residual maturity be calculated in case the column NA is filled?	The column Q - and only this one - of the tables Q.1.1 and Q.1.1.2 of the tab '0.liabilities.char' tab is the undertaking own assessment of the weighted average residual maturity of all contracts taking account for all possible risk factors underlying the contracts (lapses, demographic, etc.).For all the other cells outside of the column Q of the Q.1.1 and Q1.1.2, please fill these cells accordingly to the technical specifications and as explicitly indicated in the template, ie the residual maturity of the contract correspond to the length of time for which the contract guaranteed rate remains valid. [...]”
41	15/06/2016	Tech spec	DH Scenario	Should we assume that there is no inflation affect for the DH scenario?	Within the DH scenario both the inflation rate and the resulting UFR are assumed to stay constant relative to the pre-stress situation.
42	15/06/2016	Tech spec	DH Scenario	In the DH scenario how much is the credit risk adjustment (CRA) element? We can only locate a CRA figure for the LY scenario.	CRA are kept constant for the 3 scenarios, hence values can be retrieved from the EIOPA website ( <a href="https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures">https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures</a> ) under the section Monthly Technical Information reference date: December 2015.
43	15/06/2016	Tech spec	DH & LY Scenarios - Para 55	Can you please provide guidance of treatment of the risk margin post stress?	Last sentence of the paragraph 55 of the technical specifications provides clear guidance on that point: “As a simplification and given that the recalculation of the SCR is not required, the risk margin post stress should be the risk margin in the baseline scaled with the best estimate”. The best estimate shall be recalculated after the stress. It is important to highlight that this is a major simplification, only for the purpose of the 2016 insurance stress test which allowance is justified only due to the focused nature of this exercise and the circumstance that SCR recalculation after stress is not required this time.
44	15/06/2016	Templates	DH.Q	What will be the use of firm responses to the DH.Q.Q1 (a) regarding the pre-stress SCR figure?	The fields are automatically filled in, and are included as they are part of the context of the questionnaire. The analysis of the responses to the questionnaire is meant to be part of the EIOPA report.

45	15/06/2016	Technical Specification	DH & LY Scenarios	Can you please provide some guidance on how to treat the matching adjustment under the stress scenarios?	Where participants have received approval to apply the MA they should recalculate the matching adjustments after stress in line with the specified stressed spreads. The calculations should be based on the assumption that the fundamental spread remains unchanged under stress. The recalculated MA should be used for the post-stress valuation of liabilities that belong to MA portfolios.
46	15/06/2016	Technical Information	Stressed RFR curves	Could you confirm whether the stressed CHF curves with and without VA for both the low for long and double-hit scenarios are correct? It seems that the delta between the curves with and without VA increase with the maturity while we would have expected that this delta decreases with the maturity instead.	The pattern of the CHF curves with/without VA under stressed scenarios published in the first instance was not in line with other currencies. Therefore new CHF VA-adjusted curves for LY and DH scenario are included in an amended version of the Technical Information. The diverging behaviour of the CHF risk free rate curves is mainly driven by the methodology applied to derive the stressed curves with/without VA for currencies other than EURO. In order to ensure consistency within the scenarios and among currencies the general approach has been adapted to derive the CHF VA-adjusted curves. Specifically, UFR are selected consistently with the long term forward rates observed for the CHF stressed curve without VA.
47	15/06/2016	Low for Long	3.1	In the low-for-long stress scenario, should assets be revaluated with the stressed rates or is only the valuation of the liabilities that is subject to stressed rates?	Yes, assets should be revaluated. See question 31.
48	15/06/2016	Templates & Reporting Output	Page 22	In tab "LY.Q" of the reporting template what does the "Remaining contract term" column stands for?	The "remaining contract term" expression was used in a previous version of the table and should be read as "contract term".The template was updated accordingly.
49	15/06/2016	Technical specifications & template	§49. and Template D.Derivatives	Do you confirm that only interest rate derivatives are concerned by the derivatives study ?	Yes, this is explicitly mentioned in row 3 of the D.Derivatives template
50	15/06/2016	Template	0.LTG	Is the calculation without the transitional measures on the equity risk sub-module included in the template ?	No. It is worth's noticing that in the context of 0.LTG template, which is based on S.21.01.01 template in annex II, "transitional measures" refer solely to the transitional measure on risk-free interest rates and the transitional measure on technical provisions laid down in articles 308c and 308d of the Solvency 2 Directive. Therefore column 'I' titled 'Without volatility adjustment and without other transitional measures' should not exclude the impact of the transitional measure on equity risk.
51	15/06/2016	TS	50	How should repo's be treated in the derivative analysis?	Repo's should be included in the derivative scenario as long as they are used for risk management (hedging of interest rate risk) and is affecting interest rate sensitivity. Repo's used for e.g. liquidity management should not be included.
52	15/06/2016	TS	50	Should all derivatives be considered in the derivative analysis?	Only derivatives used for risk management and affecting interest rate sensitivity should be considered in the analysis.
53	15/06/2016	TS	50	According to Q5 the calculation of the duration of liabilities in the derivative analysis "mainly involves the category "Technical provision – life (excluding health and index-linked and unit-linked)" but also other business supported by derivatives (e.g. some variable annuities). Asset duration is calculated for the assets covering these liabilities." We assume that this does not refer to the calculation of the effective duration (Q1.3), c.f. the notes to Q1.3 concerning the calculation of the effective duration?	The assumption is correct. Regarding the calculation of the effective duration of asset and liabilities between Baseline and Low Yield (Q1.3) this should be done with respect to the PV of the cash flows of the two scenarios as described in the note to Q1.3.

54	15/06/2016	Technical Specifications	30	<p>What are the correct discount factors to calculate the market value of a government/corporate bond after stress in the „Double Hit“-scenario? Is our assumption correct that every cash flow has to be discounted with a time-dependent discount factor DF according to the following formulas:</p> <p>For government bonds:  <math>DF(t) = 1 / ( 1 + \text{Swap rate}(\text{pre Stress}) (t) + \text{Credit spread}(\text{pre Stress}) (t) + \Delta \text{yield} (t) )</math></p> <p>For corporate bonds:  <math>DF(t, \text{rating}) = 1 / ( 1 + \text{Swap rate}(\text{pre Stress}) (t) + \text{Credit spread}(\text{pre Stress}) (t) + \Delta \text{yield} (\text{rating}) )</math></p>	<p>Your assumption is correct.</p> <p>In the example of paragraph 30.d. of the Technical Specifications this would imply for a 10-year Belgian sovereign coupon bond (in this example it seems that a flat credit spread term structure is assumed):</p> $DF(2) = 1/(1 + (\text{Swap rate}(\text{pre stress}) (2) + 0,1\% + 0,4\%))$ $DF(10) = 1/(1 + (\text{Swap rate}(\text{pre stress}) (10) + 0,1\% + 1,16\%))$ $DF(5) = 1/(1 + (\text{Swap rate}(\text{pre stress}) (5) + 0,1\% + 0,86\%))$ <p>For those terms where no shock factors are prescribed in the Technical Specifications an appropriate interpolation method should be applied in order to arrive the corresponding discount factors. By applying the discount factors as illustrated above, changes related to SWAP rate shocks are implicitly covered.</p>
55	15/06/2016	Template	LY.Q - 6. Lapses	<p>What is the scope of the template : only contracts with guaranteed interest rate ? If all contracts are whole life contracts, the information requested is to be filled in the cells "61 and after" ? Could you please specify the calculation formulae of lapses rate that are expected ? Is it the average lapse rate on the projection horizon ?</p>	<p>No unit link contracts should be considered in this table. If contracts are "whole life contracts", the participants should fill all lines between 0 and "61&amp; After" depending on the possibility to lapse of this contract and their own estimation on how insureds might lapse on those policies. The cells should be filled in as a percentage of the initial value of the corresponding liabilities classified by guaranteed interest rates. (line 68/Column D-H represents the class of guaranteed interest rate as mentioned in asterisk).</p>
56	22/06/2016	ST26_Templates_(20160408)_Draft	QRT, LYQ, 14.1.T	<p>What is expected in the table 6 (lapses - quantitative assessment)? We assume that the expected value is, for each year, the % of mathematical provisions related to the contracts that are characterized by a % of lapses of resp. 0%, ]0;1%], ]1%;2%], etc.</p>	<p>Your assumption is correct. For the sake of flexibility, many denominators can be used (premiums, technical provisions, Best Estimate Liabilities (BEL), etc.)</p>
57	22/06/2016	Technical specifications	Page 22	<p>Could you please provide us with a materiality threshold for the reporting of "D.Derivatives"?</p>	<p>There is not materiality threshold set at European level. The relevant NCA will decide on which basis the D.Derivatives tab has to be reported by the participants in their market.</p>
58	22/06/2016	Technical Information		<p>Could EIOPA provide the swap curves (without UFR, CRA and VA) for both scenarios? These are useful for participants' calculation of asset price changes and derivatives value changes.</p>	<p>For the baseline situation, the construction of the basic risk-free interest rate term structures is based on swaps and/or government bonds as set out in Article 44 of the Delegated Regulation. EIOPA applies the financial references from the market data provider selected included in Table 1 of the technical documentation published in EIOPA webpage (<a href="https://eiopa.europa.eu/Publications/Standards/Technical%20Documentation%20%2830%20May%202016%29.pdf">https://eiopa.europa.eu/Publications/Standards/Technical%20Documentation%20%2830%20May%202016%29.pdf</a> ). For the two stressed scenarios, SWAP rates shall be derived from the provided (stressed) interest rate term structures up to the last liquid point. Information on CRA for each currency is the same as in the baseline and it can be retrieved from <a href="https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures">https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures</a>. Beyond the liquid part of the risk free curves, the shock applied to the last liquid point shall be carried forward as a constant value.</p>
59	22/06/2016	Template	LY.Q	<p>Columns D and G ("Total amount of Assets") of Table 7 (Assets): how should the equity value be considered in the projections?</p>	<p>As explained in the paragraph 72 of the technical specifications, the total amount of assets which are output of the projection part of the Best-Estimate calculations should be reported. In this context equity values should be reported and be the one considered by the undertakings in these projections. (Quote: "with future asset positions (total amount of assets, percentage fixed income instruments, duration of fixed income instruments) consistent with the BE model used for the valuation of liabilities".)</p>

60	22/06/2016	Template	0.Assets LY.Assets	In the assets templates for the LY and Base scenarios should the weighted average of the coupon rate match the categories in column B (e.g. >0.00% & <= 0.50% ) or should it be the actual weighted average return to 2 decimal places in percentage format, e.g. 0.42%?	For each cell corresponding to a coupon category of these 0.Assets/LY.Assets tables (in first column), only the market value of the total amount of assets must be reported as provided in the paragraph 66 of the technical specifications . Quote: "Market valuation shall be provided..."
61	22/06/2016	Technical Specifications	Table 1	Can you please explain what shocks to use on the Double-Hit scenario for Hybrid Capital (convertible bond investment on companies, that can be converted into capital)? What table do we have to use: the one for bonds (and which one)? or the one for Equity shock (and which one)?	The covered and convertible bonds should be treated as corporate bonds as long as no options have been exercised. In addition, ratings should exist for these bonds and table 1 (end of page 14) should serve as the reference for the shock's levels.
62	22/06/2016	Templates	Liabs.Char	Can you provide more detail on the definition of "guaranteed technical rate"? In practice, there are several forms of guarantees on life business (for example, guaranteed reversionary bonus rates on unithised with-profit business, guaranteed sums assured on conventional business, GAOs, GARs), not all guarantees are articulated as a roll-up rate. In practice it is only practical for us to provide the guaranteed technical rate in respect of unithised business where there is an explicit contractual guaranteed interest rate on the premiums received. It would not be practical to attempt to "backsolve" a guaranteed technical rate where the guarantee rollup on premiums is somehow implicit (such as conventional business, GAOs, GARs).	The tables Q.1.1 and Q.1.2 should be filled on a best effort basis. In those cases where it is not possible or not practical to express the guarantee as a contractually guaranteed roll up rate on premiums received an explicit back-solving approach is not required. However it is important to note that all reserves including a technical guarantee must be captured by tables Q.1.1 and Q.1.2. Companies should choose a proportionate approach to present a split of the corresponding BEL. One possible way could be to include the BEL for these blocks of business in the row with that "guaranteed technical rate" that fits best to these blocks based on a rough estimate.
63	22/06/2016	Templates	Liabs.Char	In tables Q1.1 + Q1.2 there is a row for guaranteed technical rate of 0% - is this row supposed to denote liabilities with a guaranteed roll-up of 0% (i.e. a moneyback guarantee) or is it referring to business without any guarantees? We are assuming that the balance of liabilities without guarantees is not required to be shown in these tables.	The assumption is correct. Business without guarantee should not be shown.
64	22/06/2016	Templates	Assets	Can you confirm that a look-through of collective investment vehicles is not required for this template?	The interpretation is correct, look-through is not required for 0.Assets
65	22/06/2016	Technical specifications	49	For the derivatives referred to in sections 49.b and 49.c: - The introduction refers to interest rate derivatives, but the sub-paragraphs refer only to "derivatives", does the removal of derivatives refer to interest rate derivatives only? (working assumption: the derivatives to be excluded are only interest rate derivatives). - If the above is correct, how are derivatives which are also sensitive to other risk factors to be considered, e.g. OTC derivatives based on policyholder funds may hedge both equity and interest rate risk. Is the full derivative to be excluded from the SCR calculation (thereby increasing the apparent equity exposure as well)?	It is correct that the focus is on interest rate derivatives, c.f. Q52. Only derivatives used for hedging and having an effect on interest rate sensitivity should be included in the analysis. Concerning the mixed derivatives, for both equity and interest rate risk, only the part concerning interest rate risk should be taken into account if it is possible to split up. If this is not possible the derivatives should be evaluated with respect to the effect on the participants' interest rates sensitivity. If this is relevant for the hedging of interest rate risk and the interest rate sensitivity of the participant the derivatives should be included. If the effect is minor these should be left out of the derivative analysis.
66	22/06/2016	Technical Specifications	66	Floating rate notes should be reported in "Others" with their market value and the associated coupon level. Is it correct that the last fixed coupon shall be reported?	Yes.
67	22/06/2016	Technical Specifications	66	According to the Technical Specifications, the table Q.1.1 shall be filled with governments including other public sector bonds. Our understanding is to assess all assets of the 1st CIC category in this table, including supra-national bonds (CIC 12), regional government bonds (CIC 13), local authorities bonds (CIC14) and other government bonds (CIC 19). In Table Q.2.1, sovereign bonds are divided into two sub-asset classes, namely 'central banks and governments' and 'Other exposures'. Using the same definition of government bonds as in table Q.1.1, we don't see any assets in the sub-asset class 'Other exposures'. Therefore, it would be helpful to specify all asset classes by their CIC.	In Table Q.2.1, sovereign bonds are divided into two sub-asset classes, namely "Central banks and governments" and "Other exposures". Under the first category, only assets with CIC codes 11 (Central Government bonds), 15 (Treasury bonds) and 17 (National Central Banks) are expected to be included. All other assets under CIC-category 1 (Government bonds) are expected to be included in the category "Other exposures".

68	22/06/2016	Technical Specifications	66	The Technical Specifications consider the assets templates as simplifications of Annual Solvency II reporting solo templates. Hence, our opinion is not to apply the look-through approach.	The interpretation is correct, look-through is not required for 0.Assets
69	22/06/2016	Template/LTG		Does the transitional measure on own funds ('grandfathering') should be integrated to the column "impact of all LTG measures and transitionals" since it is not explicitly requested in the step-by-step approach.	The impact of Grandfathering's clause on own funds is not looked for by the "step-by-step" approach. Consequently, if grandfathering's clause is used, then its effect must be included in all the cells relative to the eligible own funds (i.e. own funds do have to reflect a vision without after application of the measure grandfathering's clause since the "transitionals" being aimed at in column C0100 relative to the "impact of all the measures and transitionals" refers here only to transitional measures on the technical reserves provisions and the risk-free interest rates).
70	22/06/2016	Technical Specifications	30	Could you please provide more detailed guidelines on how to apply stresses to mutual funds/funds/ETFs (whose content may be mixed i.e. not only equities), in the 'double-hit' scenario.	If a precise look-through is not possible, apply a look through approach on best effort basis.
71	22/06/2016	Technical Specifications	30	Is it correct to affirm that "pure" equity funds will be shocked with the appropriate equity shock for the currency in which the fund is denominated?	If a precise look-through is not possible, apply a look through approach on best effort basis.
72	22/06/2016	Technical Specifications	30	Are all related insurance undertakings' participations and strategic participations to be shocked using the EU private equity shock? The specifications only specifically mention "strategic" participations.	For the purposes of the stress test, participations in insurance companies should be treated as any other equity investments. Only "strategic" participations should be shocked using the relevant private equity shock.
73	22/06/2016	EIOPA-16-339-ST2016_Templates	"O.Assets" and "LY.Assets" tab.	Could you please confirm if we have to include the look-through portfolio of the Mutual Funds, on the "O.Assets" and "LY.Assets" tab.?	See question 68, which is also valid for LY.Assets
74	22/06/2016	EIOPA-16-339-ST2016_Templates_(20160523)	0.Assets Q.1.3	Are term deposits considered as "Other assets with fixed income" and Treasury Bills as "Government bonds"?	See question 67. The assumption is correct.
75	22/06/2016	EIOPA-16-339-ST2016_Templates_(20160523)	0.Assets Q.2.1	Is our assumption correct that this table will include ONLY Government bonds and that the duration in column H stands for the remaining duration of the bond?	See question 67. Column H refers to "Modified duration", please see the latest version of the templates available on <a href="https://eiopa.europa.eu/Pages/Financial-stability-and-crisis-prevention/Stress-test-2016.aspx">https://eiopa.europa.eu/Pages/Financial-stability-and-crisis-prevention/Stress-test-2016.aspx</a> .
76	22/06/2016	EIOPA-BoS-16-109 Insurance ST2016 Technical Specifications	par. 44 part 2.	In the Tech. Specs it is mentioned that "The adjustments derived from the transitional measures ... on the risk-free interest rates ... shall be calculated in the pre-stress scenario and then be kept constant in the post-stress scenario". Our current understanding is that we should calculate $\Delta$ (as a percentage) in the pre stress scenario and apply this percentage to each of the new curve with the VA provided for the stress scenarios.	The absolute amount of the adjustment derived from the transitional measures should be kept constant in the post-stress scenario.
77	22/06/2016	EIOPA-16-339-ST2016_Templates	0.Assets, LY.Assets, Q.1.3.	Shall we include time deposits' breakdown in the tables?	Yes, time deposits should be included.
78	22/06/2016	EIOPA-16-339-ST2016_Templates	0.Assets, LY.Assets, Q.1.1.	We believe that "residual time to maturity" is the duration for Government bonds. Is this correct?	The residual time to maturity is the time left until maturity. This would only equal Macaulay duration in case of zero coupon bonds.

79	22/06/2016	EIOPA-16-339-ST2016_Templates	0.Liabilities.Char	In sheet "0.Liabilities.Char" there is no category for products with no guarantee (i.e unit linke,ridders similar to life etc).Should these types of products be included in the 0% guarantee row?[current working assumption: All liabilities without guarantee are included in the 0% row]	Tables Q.1.1 and Q.1.2 exclude pure unit-linked (see answer to question 30 published on 15-06-2016). See also question 63.
80	22/06/2016	Technical Specifications	3. Stress test framework	An important assumption for the calculation of future cashflows in the models is expense inflation.Should expense inflation be affected in the low yield and double hit scenarios?If yes how should the new inflation curves be calculated for each scenario?	The Technical Specifications do not prescribe any stress parameters for inflation - neither for the low yield nor for the double hit scenario. Therefore the best estimate assumptions on expense inflation should not be changed under the stress scenarios.
81	22/06/2016	Technical Specifications	3. Stress test framework	Should 'Health non similar to life' business be included in the calculations for Double hit and low for long calculations?	Yes. The entire balance sheet of the participants is subject to the shocks prescribed according to the specifications, both in the DH and in the low for long scenarios.
82	22/06/2016	EIOPA-16-339-ST2016_Templates	LY.Q, Lapses - Quantitative assessment* - in percent	a)Lapse assumption is currently calculated as a function of product type and policy year.Thus, the figures for this template are not currently available.How should this table be populated?Should we calculate the hypothetical lapse rates we would use if the company was using guarante and remaining contract term as variables?b)Lapse assumption is currently weighted with the annual premium equivalent (APE) of each policy.Should this table be calculated by using another weight (ie reserve, or number of policies)?	We recognize the requested estimations can represent some challenge for the undertakings. Participants should therefore fill this template on a best effort basis. If it is not appropriate or not practical to present the best estimate lapse assumptions for the calculation of the technical provision in the required split (i.e. according to contract term and level of guaranteed interest rate) then companies should choose a proportionate approach and provide a comment on how the information should be interpreted.
83	22/06/2016	EIOPA-16-339-ST2016_Templates	0.Liabilities.Char	One of the liabilities included in the life or health similar to life categories is the reserve for premium receivables In unit linked products(premiums issued but not yet payed by the client).How should the residual maturity be calculated?[current working assumption: residual maturity is estimated to be one year,since there receipts will either be payed ,or cancelled within a period of time smaller than one year]	Your assumption regarding the reserve for premiums receivables is indeed correct, in the case of the reserve for premiums receivables in unit linked products, the residual maturity should be approximated to one year.
84	22/06/2016	EIOPA-16-339-ST2016_Templates_(20160523)	DH.BS/ LY.BS R0040	How should deferred tax assets be calculated? Are deferred acquisition costs considered as a permanent difference and therefore not taken into account for the calculation of the deferred taxes? Should we keep the DTA / DTL calculated in the baseline scenario and then add the product of the tax rate and any difference arising between the Baseline scenario and the two Stress scenarios?	Under IFRS and Tax balance sheets the DAC is calculated . However, under SII regime, DAC is zero, therefore when comparing SII vs Tax Balance sheets a temporary difference occurs and a Deferred Tax Asset is calculated on that difference which is subject to recoverability tests in order to be valid.
85	29/06/2016	Template	0.Assets LY.Assets	In the 0.Assets (and LY.Assets tab) of the Stress Testing template, does the asset data relate to shareholder assets only or policyholder and shareholder assets?	The inclusion of policyholder assets is required in any instances where the insurance undertaking has provided a financial guarantee on the performance of these assets. This would include, for example, variable annuity products where the cost to the insurance undertaking of the expected claims increase following and adverse market event.
86	29/06/2016	Template	LY.Q	Are tables 6 & 7 of the LY.Q worksheet intended to be filled by all companies or only by companies with participating business? With regards to table 7, for example, for unit linked contracts with or without guarantees, it is likely that only policyholders funds are projected as part of the Best Estimate Liabilities (BEL) projections.	Tables 6 & 7 should be completed by all companies who have written products which include the transfer of market risk from the policyholder to the insurance undertaking.

87	29/06/2016	EIOPA-16-339-ST2016_Templates	Tab LY.Q	<p>On the Tab LY.Q (lines 63 to 134) Lapses – Quantitative assessment – in present it is not clear how to populate the table. According to item 14 of the Q&amp;A 08_06_2016 the values should be included under the conditions described in the Commission Delegated Regulation (EU) 2015/35 Art 1.13 and Art 1.14 but it is not clear which values to be included and how to be calculated. Does this refer to Cash Values or Technical Provisions? Additionally if there are contracts with no cash value and / or negative technical provisions how should their values be treated?</p> <p>Namely with an example we assume the existence of the four below contracts only</p> <table border="1" data-bbox="730 349 1337 470"> <thead> <tr> <th>Contract</th> <th>Guarantee Level</th> <th>Remaining Contract Term</th> <th>Technical Provision</th> <th>Cash Value</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>&gt;1% &amp; ≤2%</td> <td>5</td> <td>100</td> <td>90</td> </tr> <tr> <td>B</td> <td>&gt;1% &amp; ≤2%</td> <td>10</td> <td>200</td> <td>160</td> </tr> <tr> <td>C</td> <td>0</td> <td>5</td> <td>-50</td> <td>0</td> </tr> <tr> <td>D</td> <td>0</td> <td>10</td> <td>20</td> <td>0</td> </tr> <tr> <td>E</td> <td>0</td> <td>15</td> <td>80</td> <td>70</td> </tr> </tbody> </table> <p>How should the table be populated?</p>	Contract	Guarantee Level	Remaining Contract Term	Technical Provision	Cash Value	A	>1% & ≤2%	5	100	90	B	>1% & ≤2%	10	200	160	C	0	5	-50	0	D	0	10	20	0	E	0	15	80	70	<p>See answer to question 82 published on 22-06-2015. This table should present best estimate lapse assumptions used for the calculation of the technical provision (i.e. best estimate lapse tables) and should be filled in a coherent manner within all the products. In this context, the denominator could be technical provision, number of contracts, or premiums. Contracts with negative cash values should be capped at '0'. For complex contracts where no obvious minimum guaranteed rate exist, the matching with an equivalent minimum guaranteed rate (e.g. the column) should be done on a best effort basis.</p>
Contract	Guarantee Level	Remaining Contract Term	Technical Provision	Cash Value																															
A	>1% & ≤2%	5	100	90																															
B	>1% & ≤2%	10	200	160																															
C	0	5	-50	0																															
D	0	10	20	0																															
E	0	15	80	70																															
88	29/06/2016	EIOPA-16-112 Insurance ST2016 Technical Information (20160601)	Government & Corporate Bonds	<p>If Treasury Bills are considered government bonds, what will be the yield shock applied since they usually have maturities much less than 1 year?</p>	<p>For the purpose of the DH scenario in the stress test, T-Bills should be considered as Government bonds of maturity 1Y. It should be noted that the yield shock is applied on the annual effective rate of T-bills.</p>																														
89	29/06/2016	Template	LY.Q	<p>Could you further clarify the answer to question 39? Unit-linked assets are only projected to the extent they are required to calculate present value of future charges. However, these charges do form part of the best estimate liability, so should they be included in table 7 (assets)?</p> <p>Also, should the assets backing annuity liabilities be included in this table 7; a projection of assets is not required to project forward annuity liabilities, so I am assuming that they should not be included. Is this correct?</p>	<p>As far as these future charges form part of the best estimate liabilities, the corresponding assets should be included in table 7. For the same reason, the assets backing the annuity liabilities should also be included in table 7 as an annuity is a contractual obligation designed to pay-out a stream of payments over time, which can impact the future cashflow projections of an insurer</p>																														
90	29/06/2016	Technical Specifications	8 section 55	<p>The instructions state “..the risk margin post-stress should be the risk margin in the baseline scaled with the best estimate” (and this has been re-confirmed in the latest Q&amp;A).</p> <p>However, this calculation is not necessarily appropriate.</p> <ul style="list-style-type: none"> <li>• Suppose a company has a mixture of unit-linked and annuity business. Then in the double hit scenario, the TPs could fall overall for due to the fall in unit-linked liabilities and as such scaling the risk margin by the BE liabilities would lead to a fall in risk margin.</li> <li>• However, in this scenario the risk margin may actually rise to the increased longevity impact at low yields.</li> </ul> <p>If we do not feel the scaling approach is appropriate, then should we carry out a more appropriate estimate?</p>	<p>The technical specifications allow for a rough approximation of the risk margin calculation for the purpose of the stressed scenarios only, in order to ensure that the participants are not implicitly forced to recalculate the post-stress SCR. However more accurate estimation of the risk margin is allowed, still on a best effort basis, provided that this increased accuracy is applied consistently and cherry picking is avoided.</p>																														

91	29/06/2016	Template	LY.Q	<p>For the lapse table (Q.6) in LY.Q:</p> <ul style="list-style-type: none"> <li>We are interpreting contract term as term from present day (so that all policies have a term of zero at the valuation date). Is our interpretation correct?</li> <li>We are assuming that policies are weighted by asset share. Is our assumption correct? <ul style="list-style-type: none"> <li>Is it expected that total rows or total columns or grand total to add up to 100%?</li> </ul> </li> </ul>	<p>The questions raised seem to denote a misunderstanding of this table which should be based on information already available at company level, i.e. on the undertakings' best estimate assumptions regarding lapses (best estimate lapse tables) and relates to the view of the companies of the contract, when the contract starts. In this context:</p> <ul style="list-style-type: none"> <li>The "contract term" notion refers to the term of the contract when underwritten by the company. So the interpretation is not correct.</li> <li>As explained in answers to questions 56 and 82 published on 22-06-2015, enough flexibility is allowed to ensure that the information is available at company level, therefore many denominators are possible (premiums, technical provisions, Best Estimate Liabilities (BEL), etc.) but then the reported percentages should be coherent and be weighted by the sizes (total premiums, technical provisions, Best Estimate Liabilities (BEL), etc.). So the assumption is not correct.</li> <li>Neither the total rows, columns nor the grand total are supposed to add up to 100% (as an example, if a row adds up to 100%, it would mean that the whole portfolio for that contract term lapses)</li> </ul>
92	29/06/2016	Template	LY.Q	<p>For Q7, please can you clarify the guidance in the Technical Specifications. Is this a projection of the Assets backing the Best estimate liabilities (so would be expected to reduce over the projection as the business runs off) or something else?</p>	<p>Your understanding is correct.</p>
93	29/06/2016	Template, 0.Liabilities.Char	Q.1.1. Q.1.2	<p>Technical specification and template use different wording: guaranteed technical rate, minimum guaranteed rate, interest guaranteed products. Could you confirm that products from the point 1 below only are in scope of the table and that products from point 2 are not in scope?</p> <ol style="list-style-type: none"> <li>products with contractually defined guaranteed rate of return for policyholder on premiums or guaranteed rate of increase of benefits, for example benefit is equal to 1+x% of premiums paid, sum insured or benefits will increase by x% per year, including with profit products</li> <li>there is a technical rate assumed in pricing (provided or not stated in the contract, but this is not a guaranteed rate of return on premiums nor guaranteed increase of benefits), for example deferred annuity, pensions with defined benefit, endowment products.</li> </ol>	<p>The relevant criteria for including products in tables Q.1.1, Q.1.2. (in templates "0.Liabilities.Char" and "LY.Q") and tables 6 and 7 (in template "LY.Q") should not relate to the specific type of the contractual guarantee but rather to the economic risk induced by it. If the company is exposed to any kind of economic risk due to the contractual guarantee then the corresponding product should be included. In those cases where it is too complex or not possible to express the contractual guarantee as a guaranteed technical roll up rate on premiums received a best effort approach should be taken for the allocation to an implied level of a minimum guaranteed rate.</p> <p>Pure unit linked (UL) business should not be included in these tables.</p>
94	29/06/2016	Template, LY.Q and 0.Liabilities.Char	Table 6 Q.1.1 and Q.1.2.	<p>Could you confirm what data should be included in tables 6 and 7 in the sheet LY.Q. Do these tables refer to products which should be described in tables Q.1.1 and Q.1.2. (with and without rate guaranteed on future premiums) in the sheet 0.Liabilities.Char or these tables are mutually exclusive.</p> <p>Please find a rationale for this question: During analysing reporting templates and Q&amp;A answers it has been noticed that there is no consistency (or was it intentional?) in data in tables placed in sheets 0.Liabilities.Char and LY.Q, in particular:</p> <ol style="list-style-type: none"> <li>Tables Q.1.1 and Q.1.2. in the sheet 0.Liabilities.Char exclude pure unit-linked products. Does it mean also index-linked products?</li> <li>Table 6 in the sheet LY.Q, according to answer 55, should not include unit-linked products. Does the expression "unit-linked" relates to all or only pure unit-linked products. How should be treated index-linked products?</li> <li>Table 7 in the sheet LY.Q, according to answer 41, should include assets that are being projected and which are needed to make a full projection of liabilities. Does it mean that all liabilities should be taken into account or only those which correspond to the specific products?</li> </ol>	<p>The data provided by an insurance undertakings in all tables should be consistent and refer to the same set of products. Specifically, the products included in tables 6 &amp; 7 of LY.Q should be consistent with those described in 0.Liabilities.Char.</p> <p>The expression "unit-linked" refers only to pure unit-linked products. While pure unit-linked products can be excluded, any unit-linked structures which include a transfer of market risk from the policyholder to the insurance undertaking should be included.</p> <p>In the particular case of index-linked products, the insurance undertakings shall assess the basis risk exposure arising between the obligations to policyholders and the assets held. Index-linked products may be treated as unit-linked contracts where the basis risk is immaterial; however, undertakings should be prepared to demonstrate that this is the case for any particular product which is excluded.</p>

95	29/06/2016	EIOPA-16-339-ST2016_Templates	LY.Q, Table 7	We understand that in this table we should include all investment assets which back liabilities even if some of them do not produce cash flows such as equities or real estate. What assumptions shall we make on the timing of the cash flows of non fixed income assets?	Your assumption is correct. All invested assets backing liabilities with a contractual guarantee should be included. It should be noted that the management rules in the projection models (governing amongst others the timing of the asset cash flows) must not be adjusted for the stress scenario.
96	29/06/2016	EIOPA-16-339-ST2016_Templates	"O.Assets"	Regarding the completion of "O.Assets" sheet, according to our understanding, Greek Government Bonds from PSI (step coupon bonds) should be included in table Q.1.1. as fixed coupon. Could you please confirm it?	Greek Government Bonds from PSI ( Private Sector Involvement ) should be considered as fixed coupon bonds as long as the principle of substance over the form (holding) is respected.
97	29/06/2016	Technical Specifications	30	According to the item 54 on the Q&A issued by EIOPA on 15/06/2016 EIOPA requests that the credit spread of the government bonds should be stressed in a way that the spread is time dependent for the same sovereign issue. How does this make sense if we have in mind that the spread refers to the issue and not the time and how is this consistent with the corporate spread shock which is flat and depends only on the rating and the type of the issue	The interpretation is not correct. In line with answer to Question 54 published on 15/06/2016 the credit spread of the government bonds should be stressed in a way that the spread is time dependent for the same issuance. In other words the credit spread shock for government bonds is not flat but has a term structure. The specific example in 30d of the technical specifications refers to a zero coupon bond. For the calculation of the stressed market value for a sovereign coupon bond please refer again to Question 54 which implies that the term "yield" referred to in table 1 in the expression "Shocks to sovereign bond yields in EU Countries (bp)" does not refer to the internal rate of return of the bond but to spot rates.
98	29/06/2016	0.Liabilities.Char	Table Q.1.1 and Q.1.2	<p>We assume that Q.1.1 is supposed to sum Best Estimate (BE) for all contracts with a guaranteed rate for all future premiums (e.g. regular premiums) and that Q.1.2. is supposed to sum BE for all contracts without an guaranteed rate for future premiums (e.g. recurring single premium). Thus, the two tables together would sum up to total Best Estimate of TP. Is our assumption correct?</p> <p>Example 1) For a contract with a 90 year old policyholder: for which she paid a monthly premium based on 4% guaranteed interest rate between age 30 and 35. No premiums are paid today, and she has no option to resume paying premiums. The payments to the policyholder are ongoing and lifelong. Should this contract be placed in table Q.1.2 in the bucket 4% and n.a. due to that the payments are lifelong and that the policyholder don't have the possibility to resume paying premiums?</p> <p>Example 2) The policyholder is 40 years old today. She has paid monthly premiums from age 30 to 35 based on the interest rate 1% and from 35 to 40 based on the interest rate 0%. Each premium has been converted to a guaranteed benefit (based on the applied interest rate at the time the premium is paid). The benefit will be paid to the policyholder lifelong from age 65. Technical provision is based on today's accumulated benefits – future premiums are not considered to be part of the contract. The IU expects the policyholder to continue paying premiums from age 40 to age 65 (outside the contract as defined in SII), but can change the guaranteed interest rate for any new premiums. Should this contract be placed in table Q.1.2 in the bucket 0% and n.a. due to the fact that the contract is lifelong? Or should the contract be split between interest rate buckets 0% and 1%? If so, should the 0% part be placed in the bucket 20-25 years or "n.a.", and should the 1% part be placed in 0-1 years or "n.a."?</p>	Your assumption that the two tables should sum up to the total best estimate liability (or to the total SI mathematical reserve if this option is used) is correct. The answer to question 13 provides further guidance with respect to the split between these two tables. Contracts for which no future premiums are expected to be received from policyholders (such as single premium products) should be shown under Q.1.2.

99	29/06/2016	LY.Q	Tabel 6	In the table "Lapses – Quantitative assessment – in percent" the row are split after "Remaining Contract Term". Is it correct that the table should be filled with the percentage amount of the contracts initial value which may be subject to lapses? And for each year indicate the amount left, that is subject to lapses?	The interpretation is not correct. Please refer to question 91.
100	29/06/2016	Template	CF	Is it correct to assume that we can use a deterministic model to project the cash flows for the LY scenario, given that this will be documented in the methodological note?	If rough approximations are used to produce the cash flows needed for the LY scenario, then the undertaking should indicated this directly to the NSA. In this context, undertakings can use a deterministic model to project the cash flows for the LY scenario or any simplifications. In any case, the proxies used should be coherent with the Best Estimate calculations.
101	29/06/2016	Template	LY.Q : Qs 1-3	Tab LY.Q in the template requests details of the use of any Economic Scenario Generator (ESG) in the best estimate calculations. Can you please confirm that the following questions, Q.1.2 - Q.3.6, can be left blank when the response to Q.1.1 is "No"?	Yes, we can confirm your interpretation.
102	29/06/2016	Template	LY.Q: Q6	In tab LY.Q it is not clear how section 6. Lapses should be split by remaining contract term for 60+ years. Can you confirm what the % lapse in each term should represent for an overall portfolio? This is answered in question 14 published on 08/06/2016. but we are still unclear how a percentage result should be derived for this, as the template specifies the table should be completed with percentage results.	Please refer to question 91 published in 29/06/2016.
103	29/06/2016	Template	LY.Q: Q7	In tab LY.Q it is not clear how section 7. Assets should be projected for 60+ years. Can you confirm our understanding as set out below please, or clarify if required?  The asset information at time zero should represent the Day 1 (01/01/2016) asset portfolio information provided elsewhere in the template under the two scenarios. The projections from year 2+ will reflect the run-off of the Day 1 asset portfolio, i.e. based on the maturity dates and durations of the Day 1 assets.	The asset information in section 7.Assets should relate to the modelled asset portfolio which is part of the projection model used to calculate the SII technical provisions. Therefore it can be expected that the time zero information in this table does correspond to the market value of the actual investment portfolio of the company at Day 1. Any relevant differences should be explained by the participant. Also the data for subsequent years should be extracted from the projection model.
104	29/06/2016	Reporting Template	0.Assets; DH.BS; LY.BS	We are a composite insurance company. Is our assumption correct that the shocks will be applied only to life insurance liabilities but to all assets (i.e. not differentiating between assets allocated to life insurance activities and those allocated to general insurance activities) ?	Composites have to apply shocks to the whole balance sheet, including assets and liabilities according to the specifications. Please see question 81 published in 22/06/2016.
105	29/06/2016	Technical Specifications, Reporting template	Para. 70-72; LY.Q	Could you please further explain what should be filled in LY.Q Tables 6&7. Paragraph 70 of Technical Specifications states the following: "Tables 6 and 7 serve to gather quantitative information on the best estimates of lapses assets". It is not totally clear, what is meant by the latter.	Please see questions 91, 94, 102 and 103 published in 29/06/2016.

106	29/06/2016	Template	LY.Q	Should table 7 be filled for liabilities whose value is not linked to a portfolio of assets (e.g. liabilities related to non life business)?	Yes. See answers to questions 39 (published on 15/06/2016),86 and 95 (published on 29/06/2016) for further information. Assets backing annuities stemming from non-life contracts should also be included in the table 7.
107	29/06/2016	Template	DH.Q	What's the correct sign of the number that must be inserted in spreadsheet DH.Q cell D22 ?	Cell D22 expects a positive sign.
108	29/06/2016	Template		For the Day-1 reporting, we did not apply Volatility Adjustment, but in the stressed scenarios of this exercise we valued the Own funds both with and without VA, given the particularly adverse scenarios and due to the difference of the results in the two cases. Nevertheless the Template seems not to allow for disclosure of results calculated with and without VA in different scenarios (i.e. the question on the use of VA included in tab P.Gen foresees only one answer yes/no referred to all scenarios). Would it be possible instead to include results of baseline scenarios without application of VA, and results of the 2 stressed scenarios with the VA?	Stress test participants should use the LTG measures to assess own funds under the stress scenarios in line with the specifications, but only as long as they used these LTG measures in the baseline. No other option is allowed for in that sense. Therefore answering "no" to the relevant question on the use of VA included in tab P.Gen would be interpreted as if the company did not use the VA in any of the scenarios and answering "yes" will be interpreted as if the company used the VA in all of them.
109	29/06/2016	Templates	0.Assets	In sheet 0.Assets, in drop down list some currencies are not picked up from list in column "BQ" ( drop down list is: \$BQ\$113:\$BQ\$188 and it should be \$BQ\$113:\$BQ\$200).	This drop down list is corrected in the updated template.
110	29/06/2016	Template	Tab 0.assets Q.1.4.	Our company have derivatives with a maturity exceeding 30 years. This cannot be completed in the current table. How should we proceed. Include them in the last bucket or will EIOPA amend the table?	Yes, please insert them in the last bucket (20-30 years) and highlight this in your comments attached to the submission of the templates.
111	29/06/2016	Template	Tab 0.assets Q.2.1.	The section on non-EEA countries is only limited to 20 rows. If there are more rows needed, are we allowed to extend the table?	There is a limit of 20 rows. If you need more than 20 rows, please list the 20 largest only
112	29/06/2016	Template	Tab 0.Assets	In row Cyprus (row 90) the currency denominated for Cyprus, should this not be EUR?	Correct, the currency is not DKK but EUR. This is a mistake in the template which has been corrected in the latest version.
113	29/06/2016	Template	Tab 0.Assets	In the section in which government exposures are included denominated into another currency there seems to be a closed list of possibilities. However this is not exhaustive (reference table is not long enough as presented in column BQ) as for example we have an exposure on Croatia denominated in USD. This combination is not possible. Are we allowed to amend the table?	The drop-down list was not complete. This is fixed in the latest version of the template.

