Question ID	Publication date	Related document/ topic	Paragraph/Template	Question	Answer
1	28.05.2018	Technical Specifications	74	In the technical specifications, EIOPA uses the term "other advanced economies" but does not provide a definition. Could you provide us which countries are to be part of "other advanced economies"?	The list of the countries considered as "advanced" can be retrieved from the IMF World Economic Outlook 2018, Table B, page 220 available at: http://www.imf.org/external/pubs/ft/weo/2014/01/
2	28.05.2018	Reporting template	0.Assets	In the asset templates (Q.1.1), participating groups have to complete a table with respect to all of their sovereign bonds portfolio. However, there is no possibility to include exposures to supra-national and multi-national organisations (see also the exposures as mentioned in article 180 (2) of regulation 2015/35).	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 supranational institutions. The YCup and YCdown scenarios will only impact the market value of these bonds through the change in the risk free rate.
3	28.05.2018	Reporting template	0.Assets	In the same template, EIOPA asks for a disclosure of the "modified duration". However, there is no definition provided by EIOPA. Could EIOPA provide a definition ensuring a level playing field and a consistent use? For the technical provisions, EIOPA is referring specifically to the Macaulay duration.	The type of duration requested for the assets and the liabilities is aligned with what requested in the regular EIOPA prudential and financial stability reporting for groups. In particular, the participating groups are requested to submit what follows: - Liabilities: Macauly duration defined as the weighted average term of a cash flow structure (in years). $$D_{Mac} = \frac{1}{P_0(y)} * \sum_{t=1}^{T} \frac{t*CF_t}{(1+y)^t}$$ where P_0 is the price of the bond and y is the yield to maturity. - Assets: Modified duration defined as percentage change in the price of a bond for a 1% change in the yield to maturity (in %). $$D^{mod} = \frac{1}{1+y} * D_{Mac}$$
4	28.05.2018	Technical Specifications	76 and 101	What is the rationale for EIOPA to stress the mortgage loans with RMBS-shocks. The risk profile of securitisations is not the same as that of mortgage loans?	When insurers are forced to sell their portfolio of mortgages in a stressed situation, change in RMBS is considered the best proxy for the stressed values.
5	28.05.2018	Technical Specifications	26	In footnote 11, EIOPA requests to take note of the advice provided towards the EC on the LACDT. Is the participating group also allowed to take into consideration the advice on partial guarantees and RGLA's as provided by EIOPA in her first submission on the review 2018?	No. Participating groups should only take the EIOPA Advice to the Commission into account when providing detailed information on the methodology used and the key assumptions. When calculating the LACDT under the prescribed scenarios, participating groups should use the methodology applied in their regular reporting in place at reference date.

6	28.05.2018	Technical Specifications	37	In paragraph 37, EIOPA describes the use of the "symmetric equity adjustment". From the specifications it is not clear whether this effect is already included in the "shocks" as described in the file EIOPA-BoS-18-190.	Symmetric adjustment under stressed scenario shall be fixed as follows: YCup: -10.00% YCdown: -7.42% Nat-Cat: unchanged with respect to the baseline
7	28.05.2018	Technical Specifications	82	In the scenario YCU, lapse is mentioned as an additional insurance stress. In paragraph 82 reference is made towards the regulation 2015/35 article 142. This refers to Life lapse risk. In paragraph 60, life is placed between brackets. Is the Lapse shock only to be applied to Lines of Business related to Life insurance as mention in Annex I (D, E) of Regulation 2015/35?	The shock is to be applied to life as well as to health business, i.e. to Lines of Business in Annex I (D, E) of Regulation 2015/35.
8	28.05.2018	Reporting template - participant information	P.Participant	Is "cooperation" to be assumed to resemble a "mutual"?	Cooperative firms are also encompassed by the term "mutual-type associations" or "mutual-type undertakings" as explicited in recital 52 of Solvency II directive.
9	28.05.2018	Technical Specifications		How should the equity shock be applied to the indexes? The S&P 500 for instance, the equities there come from different countries. It would be a lot of work to trace every equity down in an index and apply the country-dependent shocks.	The shock provided to the country where the index is based shall be applied.
10	28.05.2018	Technical Specifications		For the asset revaluation, can the pure market swap curve, as opposed to the S2 RFR curve without UFR, be used?	For the asset revaluation, participating groups shall use the shocks to SWAPs prescribed in the YCup and YCdown scenarios provided in the latest available release of the Technical Information.
11	28.05.2018	Technical Specifications		For a certain bond portfolio (for instance EU non-financial AAA), the yield shift is parallel. However, the RFR shock is not parallel. This means that for this portfolio, the spread shock is not parallel either. There could be different approaches thinkable to apply the spread shock: use the yield shock as a whole, or split it into interest rate and spread. How should this be dealt with to achieve level playing field?	Shocks to corporate bonds shall be treated as prescribed for the government bonds (please refer to paragraphs 72 and 98 of the Technical Specifications).
12	28.05.2018	Technical Specifications	71 & 72	For fixed-income-valuation purposes we use swap rates. That is why we need the shock-parameters, which were applied on the swap rates in the YC-Down- and YC-Up-scenario. For example, you describe in Paragraph 72a how to derive an increase of the 10-year-maturity swap-rate of 85 bps. Do we need these increases/decreases for all swap-maturities, like you specified a table for the shock-factors for government-bond-yields in the shock-parameters-file?	Please see question 10.

13	28.05.2018	Technical Information		In the YC-Up-Scenario there are no real-estate shock-parameters for Japan. That is why we would apply the shock for "other advanced economies" for our Japanese real-estate investments. Is this correct?	Paragraph 75 states that real estates located in countries not listed in the tables shall be shocked according to the average shocks provided for large geographical areas. In case of Japan, "other advanced economies" applies.
14	28.05.2018	Technical Specifications	71/2	According to section 71/2, the UFR shall not be changed in the YC-up-scenario. In fact, the UFR is 4.05% in the YC-up-scenario in the parameters file, while the UFR in the baseline-scenario is 4.2%. Could you please clarify?	The baseline assumes a UFR equals to 4.20% while its value in the YCup scenario is set at 4.05%. The baseline scenario refers to the year end 2017 when the UFR was set at 4.20%. This should avoid specific recalculation of the baseline situation for the sake of the Stress Test exercise. The assessment under stressed scenarios reflects the UFR value of 4.05% as prescribed since the beginning of 2018 by the Solvency II regulation.
15	28.05.2018	Technical Specifications		Do regulators intend to provide any guidance to the industry on how to convert the stresses to an RBC framework? (In order to ensure consistency across the participants with US businesses on D&A).	Paragraph 18 of the Technical Specification states that the prescribed stresses shall be applied to the entities aggregated via D&A according to the methodology used in the standard reporting.
16	28.05.2018	Technical Specifications		Do regulators have a view on the level of sign-off needed before results are submitted domestically? E.g., are you expecting to see Board approval or would a CFO/CRO approval be sufficient, with the results copied to a Governance Committee? Can some of the formal governance steps be completed after the results have been provided to our domestic PRA? Please note that any numbers that are externally reported are required to go through the Group Audit Committee and would need to have final say on whether results can be externally reported (for avoidance of doubt, our intention is not to give permission for individual results to be disclosed).	Considering the public individual disclosure and aggregated elements proposed for this exercise, we would prefer groups to decide the appropriate level of sign-off for stress test results in the exercise according to their internal governance. Please also consider the two-step approach in place.
17	28.05.2018	Templates		Due to the top down approach that we are proposing to adopt, there are templates (or specific items) that we will not be able to populate. We are proposing to leave these blank. Is this in line with the regulator's expectation?	The reporting templates shall be filled in each and every part. Simplification in the approaches should not prevent the participating groups to report all the requested information.
18	28.05.2018	Technical Specifications		We have noted a number of added complexities of the stress such as instantaneous change in UFR and zeroing profits from lapses. The current FY17 models do not allow for these changes in methodology, so a simplified approach to deal with this needs to be decided and agreed upon. Does the regulator have any view on the use of simplified approaches here?	The 2018 ST allows for simplifications which should be discussed with the group supervisors and not depart too far from the technical specifications and the Year End figures. As a general reminder, this dialogue should be initiated with the NCA in charge of the group supervision.
19	28.05.2018	Technical Specifications		Please clarify if and how we use the Equity Dampener for prescribed stresses? This appears to be omitted from the technical specifications.	Please refer to question 6.
20	28.05.2018	Technical Specifications	81 & 84	Please clarify how we should treat the 20% lapse stress for a standard formula solo firm stress? For example, should the stress be applied to all business or only for the relevant life entity? Furthermore, how should we complete the lapse methodology for a solo - TS text refers to Group zeroing and capping of impact.	Please refer to question 7 and see amended version of the Technical Specifications (paragraphs 81 & 104).

21	28.05.2018	Template	Liabilities	Template S.12 is an annual template. Can we use the Solo quarterly version template instead?	Deviation from the reporting template is not allowed.
22	28.05.2018	Technical Specifications - Lapse stress / Cash flows	Lapse stress / Cash flows	For the solo cashflows, how should we apply the lapse scenario? For example, can it be scaled?	Solo entities should apply the prescribed shock.
23	28.05.2018	Template	Solo cashflows	It will be extremely difficult to isolate the EUR data from GBP for our LIBOR fund. As EUR is less than £1 billion and GBP is £80 billion, can we assume that the fund is GBP for stress test purposes?	Simplifications should be discussed with the group supervisor.
24	28.05.2018	Technical Specifications/ ESRB document	22	Paragraph 22 notes that if no stressed interest rate term structure has been provided for a particular currency, this shall remain the same as the base case. We note that the risk free rates are provided only for Japan in the Asian economies, however, the ESRB document Annex 1 & Annex 2 show shocks to swap rates for other Asian countries as well (e.g. HK). Is the expectation that we only use risk free rates from the technical specification and thus do not stress other Asian economies risk free rates?	Participating groups shall refer to the Technical Information and to the Technical Specifications. The information provided in the ESRB document is utilised to derive the scenarios and shocks provided in the EIOPA documents.
25	04.06.2018	Solo cash flow template		EIOPA asks for a solo submission of cash flows on technical provisions in order to validate group outcomes. In this exercise EIOPA neglects the impact of intra-group transactions (amongst others the impact of internal reinsurance, internal reinsured pension schemes being reclassified as employee benefits).	In line with the concept of the stress test, cash flows (solo or model point) should be reported without taking into account intra group transactions, i.e. those cash flows that are used to calculate group best estimates should be reported. Thus, cash flows from internal reinsurance or other transactions within the insurance consolidated group should not be part of the reported cash flows. Concerning internal reinsured pension schemes only the cash flows to an external party, i.e. to the employee, have to be taken into account, while the cash flows within the group shall not be reported. The recollection of all cash flows should be comparable to group best estimate liabilities values.
26	04.06.2018	Technical Specifications	19	The stress test has as scope the whole group. What is the rationale for the value of CRD-entities to be stressed according to stock prices e.g. in The Netherlands 42%? How consistent is this with the narrative?	The background of this question is the possibility given in article 218 of the SII directive to a supervisor to allow an institution to not calculate SCR on their participation in a bank, while at the same time deduct the participation in that bank from AOF to arrive at EOF. In the ST the SCR and EOF should be calculated as approved by the supervisor as mentioned in the previous line. However, for the balance sheet (and thus for the Assets over Liabilities) the participation need to be shocked as prescribed in the Technical Specifications. The shocked assets over shocked liabilities would then still include the stressed participation in the bank."
27	04.06.2018	Technical Specifications	17	Paragraph 17 of the Technical Specifications states that the shocks should be applied to the entire in for business. Does this mean that liabilities other than technical provisions are not in scope for the shocks? One example would be employee benefits.	Please refer to question 15 for what the D&A is concerned (paragraph 17). Please refer to question 54 for the treatment of the employees benefits.

28	04.06.2018	Technical Specifications	109		How Nat-Cat events shall be applied? Shall participating Groups rely on a specific model to estimate the impact of the prescribed scenario? Can EIOPA provide further guidance on the identification of the events on top of the information provided?	EIOPA is not supporting or advising the use of specific models for the 2018 Insurance Stress Test exercise or for any future assessment of vulnerabilities to Nat-Cat events. Paragraph 111 of the Technical Specifications allows freedom to use vendor models or internal models to estimate the impacts of the prescribed events. Identification IDs for the closest events available in the catalogue of a specific vendor were initially provided to allow a consistent application of the shocks. Participating groups are requested to evaluate the impact of the prescribed events on their balance sheet and capital positions, on top of what registered in 2017 independently by the applied model. The set of prescribed events has to be considered as sufficiently separated as described in paragraph 110 of the Technical Specifications. In order to ease the application of different models: - RMS events ID are provided in the Technical Information; - A set of events ID from AIR covering most of the prescribed events is now provided in the latest available version. In case a participating group opts for relying on AIR, the impacts of the prescribed events on non-covered countries (e.g. HU, PL in the floods) shall be estimated via other approaches. It is not allowed to neglect part of the events described in the Technical Specifications; - For internal model users, the return period for all the prescribed events is now available in the updated Technical Information file. For the Earthquakes, the geographical coordinates and the magnitude are reported in the description of the events (Section 4.3.1.3 of the Technical Specifications). The approach used to estimate the impact of the Nat-Cat scenario shall be documented in the explanatory note.
29	04.06.2018	Technical Specifications	112-114		What are the return periods of the three windstorms? We use our own Nat-Cat simulation, so the EventID in the geophysical model of RMS is not applicable to us.	Please refer to question 28.
30	04.06.2018	Templates			We do not expect to change the risk calibrations underlying the SCR calculation – apart from the interest rate stresses which are dependent on the yield curve? What is the regulator's expectation here?	The 2018 ST allows for simplifications which should be discussed with the group supervisors and not depart too far from the technical specifications and the Year End figures. As a general reminder, this dialogue should be initiated with the NCA in charge of the group supervision.
31	04.06.2018	Technical Specifications			To what extent do we need to run stresses for ring-fenced and small funds? Could smaller and ring-fenced funds be excluded from the exercise if that are immaterial has no wider impact on the balance sheet?	The stress test exercise is run proportionally against exposures. Therefore as ring-fenced funds are financially separated from the Group and certain small funds will have an immaterial impact on solvency it is not necessary to apply stresses. However, please ensure that your Group supervisor understands and agrees bilaterally which funds will and will not be included in the stress test.
32	04.06.2018	Technical Specifications			Please clarify what approximations are permitted for the standard formula capital model for the SCR re-calculations using a "top-down" methodology approach?	The 2018 ST allows for simplifications which should be discussed with the group supervisors and not depart too far from the technical specifications and the Year End figures. As a general reminder, this dialogue should be initiated with the NCA in charge of the group supervision.
33	04.06.2018	Technical Specifications			For the Standard Formula SCR recalculation, as we are a solo entity, do we need to complete the Group cells in the template or note?	Participating Groups have been selected based on their balance sheet asset and provision size. Therefore, insurers should complete all templates as if they were actually the Group entity.
34	04.06.2018	Technical Specifications			We note that TMTP remains constant post stress. Please clarify how we should treat capital add-ons? For example, should they remain constant, be scaled like the risk margin, or should we use some other type of treatment.	Capital add-ons should remain constant post stress (so at the level of the baseline)

35	04.06.2018	Technical Specifications		We are confused on the inflation stress. 2.24% appears to be for GI stress test only. For the Economic market stress inflation appears to be an additional 0.03 for the UK. Is the percentage in addition to the stress impact? For example, do we need to apply it as an extra item?	The 2.24% shock composed by a 0.24% annual base inflation increase and 2.00% increase of the claim cost has to be applied to the estimation of the claim reserves of non-life and health similar to non-life business independently by the currency.
36	04.06.2018	Template	0.Assets	How does the Asset template tie-up to the balance sheet? In particular, the treatment of participation assets?	The reported items in the asset templates (0.Assets, YCD.Assets, YCU.Assets) are a subset of all assets on the balance sheet. Holdings in related undertakings, including participations are not to be reported in these templates (see also paragraphs 19 and 144).
37	04.06.2018	Technical Specifications	Market_Shocks_Ycup, Market_Shocks_Ycdown	We note that there are stresses provided for government yields, stock prices, etc. for "Other advanced economies" and "Emerging markets". Is there an agreed list of countries to be included in each of these 2 categories?	A reference list for "advances economies" and "emerging markets" can be retrieved from the IMF World Economic Outlook 2018 - statistical appendix - Table B. Advanced Economies and Table D. Emerging Market and Developing Economies, respectively. Report available at: http://www.imf.org/en/Publications/WEO/Issues/2018/03/20/world-economic-outlook-april-2018#Statistical Appendix
38	04.06.2018	Reporting template	YCU.OF, YCD.OF	In the base S.23.01 template, the line "Basic own funds before deduction for participations in other financial sector" is empty however in the YCU.OF and YCD.OF, this line isn't greyed out. As this is not a requirement under base position, we assume this is not required in the stressed scenarios. Is this in line with your expectation?	The baseline own fund tab has been updated and now displays the related cells.
39	04.06.2018	Technical specification		The MCR for the Group is determined as the sum of solo MCRs for EEA entities plus the sum of the local minimum statutory capital for non-EEA entities. We are not in a position to obtain the local minimum capital in the stress scenarios for any non-EEA business. As such, we would propose to keep any such minimum constant in the calculation of the MCR in stress. Is this an acceptable working assumption?	The 2018 ST allows for simplifications which should be discussed with the group supervisors and not depart too far from the technical specifications and the Year End figures. As a general reminder, this dialogue should be initiated with the NCA in charge of the group supervision.
40	04.06.2018	Reporting Template		Formula in cell D100 is incorrect. Should include D94 positive and D95 negative.	Templates modified accordingly.
41	04.06.2018	Reporting Template		Formula in row 43 is not inconsistent with QRT. Should not include rows 29, 31 and 33	Templates modified accordingly.

42	04.06.2018	Technical Specifications	70, 68 & 90	In §70 of the Technical Specifications, it is mentioned that within the EIOPA stress scenarios regarding market parameters, also inflation should be referred to (defined here as "harmonized index consumer price inflation rate"); this regarding in §68 it is emphasized, that for the yield curve up shock in particular not only claims inflation should be considered, but also "overall expenses and costs are expected to increase strongly". As there is no precise specification of inflation rate stress provided within the corresponding Technical Information xls-template, how do we define those inflation up-stress in the yield curve up scenario? Do we assume that inflation is stressed in parallel to the interest rate scenario (meaning real rates should be unchanged), or do we assume corresponding to §90 that a parallel shift of 0.24% should be applied overall on the inflation (forward) rates? Or is there a different positive inflation stress specification for the yield curve up shock intended, which has to be applied on the economic scenarios, which are the basis for Own Funds and SCR calculations? Furthermore, is our understanding correct, that regarding the yield curve down stress scenario no explicit shock has to be applied on the inflation rates – meaning, that the inflation rate curve specifications for the economic scenarios remain unchanged?	For the yield curve down scenario: expenses and/or costs are not supposed to be impacted by inflation (no shocks prescribed) For the yield curve up scenario: a 2.24% shock composed by a 0.24% annual base inflation increase and 2.00% increase of the claim cost has to be applied to non-life and health similar to non-life business.
43	04.06.2018	Technical Specifications	88 & 89	Is our understanding correct that the 2.24% inflation stress is a permanent shock? In other words: do we have to apply the shock for the whole run-off cashflow?	The 2.24% shock to annual claim inflation shall be considered permanent.
44	04.06.2018	Technical Specifications	88 & 89	Should the inflation shock be applied to every currency?	The 0.24% annual inflation increase shall be applied to all currencies. Annual inflation increase together with the 2.00% increase of the claim cost has to be applied to non-life and health similar to non-life business.
45	04.06.2018	Technical Specifications	144	Is it admissible to use ratings according to articles 4 to 6 of the COMMISSION DELEGATED REGULATION (EU) 2015/35 instead of iBoxx ratings?	Shocks to corporate bonds and RMBS are provided by the ESRB according to iBoxx rating classification. In the templates 0.Assets, YCU.Assets and YCD.Assets, the column-heading of the table for corporate bonds and loans and mortgages reports in brackets the correspondent Credit Quality Step according to COMMISSION IMPLEMENTING REGULATION (EU) 2016/1800 of 11 October 2016.
46	04.06.2018	Technical Specifications	70	In the market shocks the consumer price index is mentioned, however the wage index is not. In our liabilities, several products have an indexation based on wage inflation. Is it correct that these products won't have a wage inflation shock?	Wage inflation shall be kept unchanged under each scenario.
47	04.06.2018	Technical Specifications	81 & 104	On lapse shock and longevity shock, the stresses should not lead to capital gains, but what granularity should be used to do the gain/loss analysis (by solo entities or by products)?	The cap shall be applied at group level. Please refer to the latest version of the Technical Specifications.
48	04.06.2018	Reporting Templates	0.Assets - Q.1.1	How should sovereign bonds be treated if they are denominated in a currency other than the currency of their country of issue? Table Q.1.1 only provides cells for sovereign bonds which are denominated in the currency of their country of issue.	Any sovereign bond should be reported in the template according to the reporting currency of the group. Sovereign bonds denominated in a currency other than the currency of the country of issuance should be first shocked according to the country shock and then, the resulting amount shall be transformed into the country currency by applying the exchange rate registered at the reference date. Example: "Country A" currency is EUR and it issues two bonds: "bond 1" denominated in EUR and "bond 2" denominated in USD. Both bonds shall be treated according to the shock prescribed to "Country A" and converted in the currency of "Country A" by translating the value of "bond 2" from USD to EUR applying the exchange rate registered at the reference date. Finally, values shall be reported in the template in the reporting currency of the Group.
49	04.06.2018	Reporting Templates	0.Assets - Q.1.1	Cell B45 and cell B46 require the "Weighted average" of EA and EU sovereign bonds for different maturities. How is the "Weighted average" supposed to be calculated?	This part of the table has been removed in the version v20180604 and following of the reporting template.

50	04.06.2018	Reporting Templates	0.Assets - Q.1.1	Which countries belong to "Emerging markets"? (Cell B48)	A reference list for "advances economies" and "emerging markets" can be retrieved from the IMF World Economic Outlook 2018, Table B. Advanced Economies and Table D. Emerging Market and Developing Economies respectively. Report available at: http://www.imf.org/en/Publications/WEO/Issues/2018/03/20/world-economic-outlook-april-2018#Statistical Appendix
51	04.06.2018	Reporting Templates	0.Assets - Q.1.2	Which definition should be used for "Financials" and "Non-Financials"?	We suggest to use the ESA 2010 definition for "Financials" which includes the sectors "Central bank", "Deposit-taking corporations except the central bank", "Money market funds", "Non-MMF investment funds", "Other financial intermediaries, except insurance corporations and pension funds (excluding financial vehicle corporations engaged in securitization transactions)", "Financial auxiliaries", "Captive financial institutions and money lenders", "Financial vehicle corporations engaged in securitization transactions", "Insurance corporations" and "Pension funds". All other positions would be assigned to "Non-Financials".
52	04.06.2018	Technical Specifications	65	§65 of the Technical Specifications mentions spread shocks and refers to the spreadsheet "Marketshocks_YCD/U" of file Technical_Information.xlsx. According to the labelling, this spreadsheet contains yield shocks. We assume that (in accordance with Government shocks) the labelling „spread shock" is not correct and yield shocks are meant instead.	The tables related to corporate and sovereign bonds included in the Technical Information as well as the figures displayed in the Technical Specifications report shocks to yields in both the YCup and YCdown scenarios. The sentence in paragraph 65 includes a reference to the credit spread and has to be read as a consequence of the triggering events but in insulation from the 350 bps reported in the text which refer to the yields.
53	04.06.2018	Technical Specifications		Will the shocked RFR curves for the SCR interest rate submodules calculation be provided by EIOPA?	No, the shocked curves will not be provided by EIOPA. Those curves have to be determined by the participating group from the delegated regulation 2015/35 provisions.
54	04.06.2018	Technical Specifications		For non-redeemable but portable contracts (many retirement liabilities in France): do those contracts have to be concerned to lapse shocks?	This question relates to paragraph. 83 of the technical specifications. Non-redeemable contracts such as employee benefit (collective pension scheme, collective life insurance scheme without lump sum options, etc.) shall not be concerned with lapse shocks. Indeed, when such obligations are written directly by employers or sponsors, termination or lapse would be triggered by an external event such as the resignation of the corresponding employee (or any other form of indirect link between the underwriter and beneficiary/policyholder). Moreover, in the case of employee benefits, related risks are de facto shared between the employer and the retirement plan participants.
55	04.06.2018	Technical Specifications	123	How does the Nat-Cat event work? My understanding was that undertakings had to include the Nat-Cat events in addition to what happened in 2017. So, the stressed balance sheet is the result from these effects. But in the paragraph 123 of the Technical Specifications, it is stated that "only reinsurance treaties settled at the end of 2017 (for the upcoming years) can be taken into account in the stress test exercise." This does somehow imply the stresses happening during 2018. Because otherwise the reinsurance treaties at the end of 2016 (for the upcoming years) should be relevant. In addition to that: Do we expect best estimate recalculations after shock as the increase in Nat-Cat events might lead to a change in the parameters used for the premium and reserve best estimate calculations? Do we expect a SCR recalculation, as the increase in Nat-Cat events might lead to a change in the SCR calculation (e.g. change in volatilities in a natcat model)?	Firms are required to apply the Nat-Cat stresses to the 31 December 2017 balance sheet using the 1 January 2017 to 31 December 2017 reinsurance covers. Therefore events will apply in the same timeframe as actual Nat-Cat that have already occurred during 2017. SCR recalculation is expected post application of the relevant nat. cats on the Group balance sheet.
56	04.06.2018	Technical Specifications	section 4.1.2.2.1	With respect to the impact on the lapse scenario (when deciding whether to cap), should the entity include the impact of the lapses on the risk margin?	The impact of the lapses on the risk margin shall be disregarded in the context of the decision whether to cap the insurance specific shock or not.
57	04.06.2018	Technical Specifications	90	Is our assumption correct that the annual base inflation increase shall not be applied to life insurance products?	The 2.24% shock composed by a 0.24% annual base inflation increase and 2.00% increase of the claim cost has to be applied to non-life and health similar to non-life business.
58	04.06.2018	Technical Specifications	105	The longevity stress parameter shall really be applied to all life insurance products or just to those with a longevity risk?	The longevity stress parameter shall be applied to all life insurance products. However, if the applied shock leads to an increase in own funds, the positive effect may not be taken into account as described in the Technical Specifications.
59	04.06.2018	Technical Specifications	84	Is our assumption correct that the instantaneous lapse shock is a mass lapse stress at the beginning of projection and not a permanent increase in the lapse rates over the hole projection?	This assumption is correct. The lapse shock is supposed to have an instantaneous effect and no impact on the best estimate projections.

60	04.06.2018	Reporting Templates	0.Assets - Q.1.2 and Q.2	How should corporate bonds, collateralised securities, structured notes, loans and mortgages from one of the following regions be treated: "Europe except EU", "America except US", "Africa", "Australia and Oceania"? The table only provides cells for EU, US and Asia.	Following the concept of geographical proximity and economic exposure the following shocks shall be applied: Europe except EU --> EU America except US --> US Africa --> US Australia and Oceania --> Asia
61	04.06.2018			Volatility adjustments provided in the YCup and YCdown scenarios for Denmark (DKK denominated) seem to behave in an inconsistent way if compared to the recalculated VA for EUR. Can EIOPA provides a rationale for that?	The code used for the calculation of the VA for DKK did not properly refer to DKK Nykredit returns as prescribed by the regulation. The VA is recalculated and the DKK RFR term structure with VA are available in the latest version of the Technical Information.
62	11.06.18	Technical Specifications	81	What exactly is expected to be reported in cell "YCD.OF, D30" Marginal impact of insurance specific stresses? Do we interpret paragraph 81 of the Technical Specifications correctly in the following (simplified) example? The group consists of two undertakings A and B. Assume the "total eligible own funds to meet the group SCR" (0.OF, R0660, C0010) are 100. The application of the scenario (lapse, market, provision deficiency) increases the own funds at group level because of undertaking A by 10 and decreases the own funds because of undertakings B by 5. Then we expect the undertakings to report in YCD.OF R0660, C0010 still 100, because there is a cap applied at group level. But in the "marginal impact cell" the undertakings do not have to report 5 (because this 5 stems from the application of the scenario). They have to identify the effects of the insurance stresses (which will be quite hard as we can expect heavy interaction between lapse and market movements) and report this effect only.	For cell "YCD.OF, D30 Marginal impact of insurance specific stresses", the overall effects of the cap should be reported, not just the effect of the insurance specific stresses. We expect the result to show a high correlation between the adverse economic market and insurance specific stresses making it difficult for own fund impacts to be split between these stresses. This cell should be filled with the difference in own funds of the scenario without all the insurance specific stresses minus the own fund value under stressed scenarios with all effects (financials and insurance specifics).
63	11.06.18	Technical Specifications	4.1.2.1. Market Shocks	Technical specifications indicate that shocks are instantaneous. However, in previous paragraphs where the reasoning behind the choices is described, much reference is made to market volatility (i.e.1.2 Market conditions). In the Technical Specifications no reference to volatility indicators for Internal Models is provided; therefore, we will assume that volatility will be maintained constant in the calibration process for approved Internal Models. Please confirm.	Since there are no shocked volatilities in the Technical Specifications (e.g. equity volatility or interest rate volatility), no shocked volatilities can be taken into account in the calculation of SCRs for volatility risk in internal models.
64	11.06.18	Technical Specifications - Lapse shock	4.1.2.2.1 (84)	With reference to the lapse shock, please can you clarify whether the shock is fixed or additive? In other words, assuming the best estimate lapse assumption for the first projection year (used in the baseline scenario) is 4%, should the first projection year lapses in the stressed scenario assumed equal to 20% or 24% (4% + 20%)?	The shock is fixed. Regardless of the best estimate assumption by the insurer, the shock will be 20%. So in the example where the best estimate lapse assumption of the insurer is 4% it will be 20% in the shocked environment (and not 4% + 20% = 24%).
65	11.06.18	Reporting Template	YCU.RSV	With reference to the sheet YCU.RSV of the reporting template, please can you clarify if the sum of surrender value paid following the instantaneous lapse shock corresponds to the total surrender amount paid in the first projection year of the stressed scenario or if it should include only the amount paid in addition to the surrender payments projected in the baseline scenario.	The amount of surrender value involved in YCU.RSV, "following" the stress, is to be understood as the "upfront" value just after the launch of the stress and not the best estimate value of this lapse.
66	11.06.18			After having assess to the shock value on BEL (both on inflation scenario and interest rate up-down), we are unclear whether an updated assessment of the risk capital is also expected; is there any additional clarification/requirement available in this respect?	The SCR is expected to be updated under stressed scenario after the estimation of the asset and liabilities and before the reassessment of the own funds. Regarding the complexity of the processes involved, simplifications in accordance with paragraphs 25 to 30 of the technical specifications are allowed, granted that they have been bilaterally discussed with groups supervisors.
67	11.06.18	Technical Specification		For the Matching Adjustment, what assumption should we make regarding the fundamental spread?	Participating groups should assume that the fundamental spread assigned to each CQS remains unchanged under the specified stress in calculating technical provisions.

68	11.06.18	Technical Specification		Can you please clarify the process for release of the results? We had understood that we had the option to release certain metrics on our website. Now it appears in the Technical Specifications that EIOPA will release individual results on their website if we agree to such a disclosure.	The set of information provided by the Participating Groups are divided into two categories: *i)* for aggregated disclosure; *ii)* for individual public disclosure (upon consent according to the two step process defined in paragraph 53 of the Technical Specifications). In case of explicit consent to disclosure, groups will be requested to publish their information on their website according to the prescribed templates. Simultaneously, EIOPA will publish the same information (without comments) on its website.
69	11.06.18	Technical Specification		What do we do about Municipal/Local Authority bonds? Typically we would regard these as Sovereign bonds but would appreciate confirmation that this is in accordance with what you would expect.	The classification and stressing of Municipal/Local Authority bonds should be consistent with how they would be treated under the SII Standard Formula guidance. Therefore, European municipal bonds should be treated the same as Sovereign bonds.
70	11.06.18	Technical Specifications/ ESRB document		The UFR fall in the YCD stress has only been specific for specific currencies. Thus, for Asian currencies where no UFR stress has been provided we will not be applying a UFR stress, is this in line with your expectation?	If no stressed curve is provided for the YCup and YCdown scenario in the Technical Information for a specific currency, then, the term structure provided in the baseline shall be applied. Please refer to paragraph 22 of the Technical Specifications.
71	11.06.18	Technical Specifications/scenario		We have a large portfolio consisting of rural real estate. Should we apply the commercial real estate shock, the residential real estate shock or no shock at all?	The residential real estate shock should be applied for rural estate exposures.
72	11.06.18	Technical Specifications/scenario		In the Nat-Cat Scenario - according to EIOPA Stress Test TS.109-110 -the shocks are to occur "during the year" (or separated in time at an interval of 21 days apart). Proposal is to compute the post-shock S2 Balance Sheet as per December 31st 2017, so assessing the shocks instantaneously (therefore not computing a T+n balance sheet).	Contrary to what is prescribed for financial shocks, the Nat-Cat event are supposed to occur on addition to what happened in 2017. Please see question 28 for more precise details.
73	11.06.18	Technical Specifications	81 and 104	Should the Nat-Cat post-shock balance sheets be produced by counting claims incurred in provisions, or should the claims be considered as disbursed? This has a significant impact on the calculation of the post shock SCR.	For simplification, each and every Nat-Cat event is assumed to be instantaneous. Claims incurred can be assumed to be fully paid instantaneously. The cash out shall be covered by the sales of assets according to the liquidity plan/management actions in-force at the reference date.
74	11.06.18	Technical Specifications/scenario		How should we deal with the expense provision (expense attribution parameters/assumptions) in the 20% additional lapse scenario? For example, we would expect higher cost per policy after additional policy lapses.	Second round effects shall not be taken into account, therefore, following the example provided in the question, no increase in the cost per policy stemming from the prescribed lapse shock shall be applied.
75	11.06.18	Technical Specifications/scenario		Do we need to estimate the impact of claims handling expenses following from the flood, windstorm and earthquake scenarios?	The impact of the claims under the Nat-Cat scenario should be dealt as in the baseline case. In this regard, if the management of one particular event, or, all of them, involves a planned increase of the expenses (e.g. an automatic rule linked to the claims value) then the estimation under stressed scenario should take account of this reassessment.
76	11.06.18	Technical Specifications	22	Technical Information provides Risk Free Rates curves under stressed scenarios for a specific set of currencies. How shall we treat the other currencies?	In line with paragraph 22 of the Technical Specifications, only the currencies whose shocks are provided shall be stressed. For these currencies, Technical Information provides Risk Free Rate term structures and the shocks to SWAPs for each maturity under YCup and YCdown scenarios. Currencies not included in the list are not supposed to be stressed, therefore for these currencies baseline figures shall be used under each scenario.
77	11.06.18	Technical Information	Inflation shock	Where inflation is the originator of the shock (i.e. scenario 1) and we detain inflation indexed bonds, we will use the data in the table provided in "inflation shock" to evalute these bonds. Please confirm.	The shock to the inflation shall be considered only as a component of the annual claim inflation. The inflation shock shall not be considered for the valuation of indexed assets under stressed scenarios, namely the baseline situation shall be used.
78	22.06.2018	Technical Specifications	70	Shocks on bond yields are specified for government bonds, corporate financial/non-financial bonds and RMBS. The Technical Specifications does not include explicit shocks for Covered bonds (unlike 2016 stress test) and Securitisations other than RMBS (e.g. ABS, CLO, CMBS). Are these bonds only affected by changes in the risk free rate or are they subsumed under Financials and shall be subject to spread shock too?	Covered bonds are bank bonds and should therefore be treated as financials. CLO, CMBS, ABS and all other types of securitisations should be treated as RMBS.

79	22.06.2018	Reporting Template	NC.Details	Where Total Sums Insured are requested, are these the sums insured for all the exposures: a) affected by the event only? (i.e. lying within the event's footprint) b) within the entire country/countries relevant to the event? Where % of Sums Insured geocoded is requested, is this as a percentage of all exposures: i) affected by the event only? (i.e. lying within the event's footprint) Note that if so, we would expect the result to be 100% for each and every event, because only geocoded exposures can be determined to be affected by an event. I.e. we would not know whether our non-geocoded exposures are affected by the event or not. Alternatively, perhaps the term "geocoded" here is meant to imply some minimum acceptable level of address resolution (not just 'modellable')? ii) within the entire country/countries relevant to the event? iii) some other definition? c) some other definition?	The Total Sum Insured refers to all the policies which have been modelled as opposed to only those policies under the event's footprint. It would be acceptable to give the Total Sum Insured for all the policies within the country/countries relevant to the event. Regarding the second part of the questions and with the definitions set above, it would be acceptable to give the Total Sum Insured for all the policies within the country/countries relevant to the event.
80	22.06.2018	Technical Specifications/YC down & Longevity stress		Is it correct to assume that the longevity shock as specified is not applicable to defined benefit pension schemes. Is this shock intended to be applied to defined benefit pension scheme liabilities or it is only applicable to life and pension business sold by insurers?	To the extent that the defined benefit pension schemes are towards the undertaking's own employees and therefore not part of the technical provisions, this assumption is correct. i.e., for the balance sheet positions 'pension benefit surplus' and 'pension benefit obligations', only the market risk related shocks should be applied.
81	22.06.2018	Solo_Cash_Flow_Template	CF.Solo	Does the "Index-linked and unit-linked" section need to include the cashflows from the unit fund?	CF.Solo file replicates the template S.13.01.01 of the annual Solvency II year solo reporting templates. In this regard, the mentioned category should add up C0050 and C0060 to produce the cash out-flows and on the other hand, cash in-flows should be built on the sum of C0070 and C0080. Only the line of business defined in Annex I of the Delegated Regulation (EU) 2015/35 as "Index linked and unit–linked insurance" is concerned.
82	22.06.2018	Reporting template	0.Liabilities.Char YCD.Liabilities.Char YCU.Liabilities.Char	QRT templates S.12.01 and S.17.01 are both solo templates only. Are you expecting this template to be completed on a group basis?	The template should be completed on a group basis. However, entities using method 2 are not in scope, i.e. the templates shall only refer to the solo entities that are consolidated using method 1. This is done to ensure consistency with the values of the technical provisions on the balance sheet. The same holds for the solo cash flow templates. The Technical Specifications have been updated accordingly (paragraphs 145 and 150).
83	22.06.2018	Reporting Templates	YCU.RSV	If the application of lapse stress has a positive marginal impact on the own funds of our group and is therefore neutralised and capped to zero at group level according to Technical Specifications - Paragraph 81, does template "YCU.RSV" still have to be filled out and if so, how should it be filled out?	The YCU.RSV tab should be filled in even if the lapse shock has a positive effect on the Own Funds. The amount of lapsed technical provisions expressed in euros shall be broken down and reported in the appropriate cells of this table.
84	22.06.2018	Cyber Questionnaire / Template	CRQ	Please clarify - PART B Qu2.7 : Do you have one contract or more covering your own cyber risk (group level and also for the subsidiaries)? If yes, please provide the name with the counterparty. With reference to 'contract', does this mean Cyber insurance e.g. us as an insurer purchasing cyber insurance from another insurer?	This part of the cyber risk questionnaire aims at assessing to what extent a participating group can cover its own cyber risk. In this concern, by "contract" one should refer to an insurance contract or a reinsurance treaty covering cyber risk, a man made cat bond (with cyber risk clauses) or any other arrangement with an external counterparty which could limit the exposure of the participating group to its own cyber risk.
85	22.06.2018	Cyber Questionnaire / Template	CRQ	Could you please clarify whether "registered event" in question B 2.8 a) refers to those reported to any national agency (e.g. Informaton Commisioners Office in the UK), just internally or both? In question B. 2.8 (b) and 2.9, are you refering to all identified attemps to compromise our IT or only the actual successful attack?	All type of events, be they reported to officials or just internally are in the scope of B. 2.8 a). Regarding questions B 2.8. (b) and 2.9 all attemps should be reported, have they actually harmed your systems or not.
86	22.06.2018	Cyber Questionnaire / Template	CRQ	Please clarify - PART C - Qu's3.1 to 3.2 : Do these relate to the actual writing of cyber insurance products for other parties to purchase?	Interpretation is correct, all part C of the cyber risk questionnaire relates to the insurance contracts that the participating group has sold in order to assess its underwriting risk.

87	22.06.2018	4.1.2.2. Insurance specific shocks	81, sub 1	Background: On the capping of beneficial impact of immediate lapse stress at group level: - Paragraph 81, sub 1 of the Technical Specifications states that in relation to OF only '... positive marginal impact should be neutralised and capped to zero at group level.' - Current reading/interpretation is that we need to apply the lapse shock in anyway. Only the improvement in OF (net impact), if any, will be adjusted at the group level. - Consolidation of data (balance sheet construction) will happen on data including lapse shock. (So the balance sheet will show/contain a possible beneficial impact, which will only be eliminated for OF purposes (in YCU.OF and YCD.OF worksheets)). So at group level we will allow for offsetting between solos of their lapse shock marginal impacts on OF. But if there is a net improvement at the level of the group, when looking at impact of all calculated solo lapse shock impacts, we'll fill out an adjustment. Can you please confirm the above interpretation?	The cap should be applied only at the level of eligible own funds to meet group solvency capital requirements. Balance sheet shall not be re-adjusted.
88	22.06.2018	6.1.Reporting Templates & 6.2. Templates for validation purposes	144, 145 & 152	Background: In paragraph 144 (0.Assets; YCU.Assets; YCD.Assets) of the technical specifications (and footnote 27) it is clearly provided that D&A entities are not in scope 'to grant consistency with the values of the asset classes reported in the balance sheet.' Although not as literally provided in paragraph 145 (0.Liabilities.Char; YCU.Liabilities.Char; YCD.Liabilities.Char) and paragraph 152 (CF.Solo), our assumption is that only method 1 is to be included in these templates as well. Our thinking behind this assumption is that we would have the same consideration as stipulated by EIOPA in paragraph 144 ('to grant consistency with the values of the asset classes reported in the balance sheet') and in addition it seems that if the (equivalent) regime does not provide in SII measures (like Best Estimate and Risk Margin for the s.12) and does not provide in (economic) cash flows from a market valuation approach, these templates cannot be filled out. Can you confirm that when using method 2, these entities are not in scope of the templates requested under paragraph 145 (0.Liabilities.Char; YCU.Liabilities.Char; YCD.Liabilities.Char) and paragraph 152 (CF.Solo)?	Your understanding is correct. When using method 2, these entities are not in scope of these templates. Those shall only refer to the solo entities that are consolidated using method 1. This is done to ensure consistency with the values of the technical provisions on the balance sheet. The Technical Specifications have been clarified accordingly (paragraphs 145 and 150).
89	22.06.2018	Technical Specifications		Inflation shock YCU – Our understanding is that the claim inflation should be shocked to all claim liabilities on the balance sheet of the non-life companies (except for Health SLT) in both the claim provisions and premiums provisions. Is this correct?	Stresses should only be applied to claim provisions, please refer to questions 42 and 57 for further details.
90	22.06.2018	6.1.Reporting Templates & Simplification/validations	82 to 86	The application of the mass lapse shock in the YC up scenario does not seem clear. Should we compute the shock only in the TP or should we combine an immediate payment and a firesale of assets of the same magnitude?	Consistently with the focus on first order effects of the shocks (i.e. no second round effects or management actions), the impact of the instantaneous lapse shock shall be reflected only in an increase of the technical provisions with no impact on the assets side (only prescribed market shocks shall be applied, no fire-sales against the lapses). This approach, inspired by article 142 of the delegated acts, shall be applied independently of the approach used by participating groups for the assessment of their capital position. Partial/full internal model, USP, standard formula users shall apply this approach for the aim of comparability of the results in the stress test exercise.

91	22.06.2018	Technical Specifications	76 & 101	Paragraphs 76 and 101 state that "loans and mortgages" portfolios should be shocked using the RMBS shock. Can you confirm that the corporate loans should be shocked using the RMBS shock? It is assumed that the policy loans (no credit risk) are excluded from this shock. Can you please also confirm this?	Paragraphs 76 and 101 of the Technical Specifications state that participating groups should stress "loans and mortgage" asset class with respect to the RMBS shocks according to the prescribed guidance of these paragraphs, notwithstanding any collateralized mechanisms for those loans. In this regard, no specific treatments are allowed for policy loans.
92	22.06.2018	Reporting template	YCD.OF / YCU.OF - D30	The answer to the question 62 published on 11 June 2018 is unclear to us. Does cell "D30 - Marginal impact of insurance specific stresses" relate to the applied caps (first paragraph of your answer) or to all insurance specific stresses (second paragraph of your answer)? Could you please provide a clear example what is supposed to be reported in this cell?	As explained in paragraphs 81 and 104 of the technical specifications, line R1000 should be filled in with the total amount of the caps applied at group level outside the scope of the regular reporting items created by the application of all the insurance specific stresses. Question 62 suggested an evaluation by difference and all methods discussed with the group supervisor may apply.