

Low interest rate scenario

Qualitative questionnaire (for participating firms)

1. Please comment on the main drivers of the changes in net asset value in terms of the location of policyholders (e.g. fixed annuities in the United States, guaranteed interest rate policies in Germany)
2. Please comment on your overall approach to hedging guaranteed returns (e.g. hedging instruments, strike, risk appetite)
3. Would you consider changing your hedging programme if one of the scenarios tested in this exercise were to occur?
4. Please comment on management actions available if there is a protracted period of low interest. Please specify either by geography or by type of policy and type of policy.
5. At what level of low interest rates would you consider implementing these actions?
6. What other actions do national supervisory laws allow to mitigate the impact of a low interest rate environment (e.g. cutting bonuses)? Please specify by main jurisdiction.
7. What general assumptions have you made in terms of policyholder behaviour under the tested scenarios (e.g. lower surrender assumptions)?
8. What liquidity premia buckets were applied for calculating technical provisions?
9. At what stage of each scenario do you reckon there is a material risk that many or most of your competitors will also undertake actions that, taken together, could affect market dynamics?