

# Guidance Manual for the completion of the five-year business plan projections for Long-term Insurers



# Table of contents

<i>INTRODUCTION</i>	3
<i>INFORMATION REGARDING THE BUSINESS PLAN</i>	4
<i>EXCEL FUNCTIONALITY</i>	5
<i>DEFINITIONS</i>	6
<i>Statement A - REGISTRATION INFORMATION</i>	9
<i>Statement B - ADDRESSES AND PARTICULARS OF KEY PERSONS</i>	10
<i>Statement C - DIRECTORS, MANAGING EXECUTIVES AND MEMBERS OF AUDIT COMMITTEE</i>	10
<i>Statement D - SUMMARY OF PREMIUMS &amp; BENEFITS</i>	10
<i>Statement E - SUMMARY OF STATUTORY VALUATION METHOD ASSETS &amp; LIABILITIES</i>	11
<i>Statement F - LIABILITIES</i>	11
<i>Statement G - EXCESS ASSETS &amp; CAPITAL ADEQUACY COVER</i>	11
<i>Statement H - STATUTORY VALUATION METHOD OF NET POLICY LIABILITIES</i>	12
<i>Statement I - CAPITAL ADEQUACY REQUIREMENT</i>	13
<i>Statement J - INCOME STATEMENT</i>	14
<i>Statement K - BALANCE SHEET</i>	14
<i>Statement L - GENERAL INFORMATION</i>	14
<i>Statement M - SUMMARY OF SVM ASSETS AND LIABILITIES</i>	15
<i>Statement N - SENSITIVITY TESTING</i>	16

## **INTRODUCTION**

---

These notes have been compiled by the Financial Services Board to provide assistance to those responsible for completing the long-term insurance business plan projections.

The long-term insurance business plan projections must be completed for first time registrations (“applicant insurer”) as well as for variation of conditions (“registered insurer”).

Your submission of information to the Registrar should include the following:

- An electronic copy of the Five-year business plan projections; and,
- An original hardcopy printout of the Five-year business plan projections with all supporting documents

It is important to note that every statement must be completed. The majority of Financial Services Board queries relate to statements that have not been fully completed. All information, however inconsequential it may appear, is relevant for a full assessment from the Regulators' point of view.

The electronic business plan can be downloaded from the FSB official website, <http://www.fsb.co.za>. The business plan is compiled using Microsoft Excel.

### **DISCLAIMER**

The Financial Services Board designed the business plan and it may be copied. However, the Financial Services Board accepts no responsibility for any loss or damage arising from its use, nor any decision made by the insurer or any other person based on the information or calculations made by, or obtained from the workbook.

## **INFORMATION REGARDING THE BUSINESS PLAN**

---

No statements are available for public scrutiny.

The applicant insurer / registered insurer should only start to complete the electronic workbook from Statement A onwards.

The index of all the statements compiled in the business plan consists of hyperlinks to allow quick access to all statements in the business plan.

### **COMPLETION OF THE STATEMENTS**

Only shaded areas require figures or information to be entered where applicable.



All other areas (non-shaded) are protected cells and contain automatic calculations, information or data or must remain blank. No changes may be effected to these protected areas (cells). No structural changes can be made to the return as each worksheet is protected.

***Please note: No links, with reference to any spreadsheet of the applicant insurer, should be inserted into the business plan.***

***Please note: The statements referring to previous years' columns should only be completed in terms of variation of conditions applications.***

#### **Supporting statements**

Each statement is designed on a separate worksheet. Where additional detail is required please provide separately in a supporting statement.

#### **Consistency & Completeness**

All figures must be rounded off to the nearest thousand rand.

#### **Additional information**

The Registrar may direct an applicant insurer / registered insurer to furnish the Registrar with such additional information and documents as may be necessary for purposes of the Act. (Refer to section 4(2) of the Act.)

## **EXCEL FUNCTIONALITY**

---

### **PAGE NUMBERING**

Each statement is numbered in the top right-hand corner.

### **PAGE SET-UP**

Even though the various worksheets are “protected”, one is still able to change the page set-up for printing purposes:

- Page orientation, scaling, size and print quality can be changed,
  - Margins can be changed,
  - Page breaks can be added and deleted, and
  - Printing colour can be changed (default setting: black & white).
-

## DEFINITIONS

---

<b>Act</b>	the Long-term Insurance Act, 1998 (Act 52 of 1998, as amended)
<b>assistance policy</b>	As defined in Section 1 of the Act. These policies should be shown under "other".
<b>ASSA</b>	Actuarial Society of South Africa
<b>CAR</b>	Capital Adequacy Requirement as defined in Section 1 of the Act.
<b>Credit life insurance</b>	Includes cover payable in the event of a consumer's death, disability, terminal illness, unemployment or other insurable risk that is likely to impair the consumer's ability to earn an income or meet the obligations under a credit agreement
<b>derivatives</b>	As defined in Schedule 1 (section 31) (1) and (2) of the Act.
<b>director</b>	As defined in Section 1 of the Act.
<b>disability policy</b>	As defined in Section 1 of the Act.
<b>discretionary margins</b>	Discretionary margins may be added to the valuation best-estimate assumptions where, in the opinion of the statutory actuary, the compulsory margins (in a particular case) is not sufficient for the prudent release of profit or where it is necessary in order to defer the release of profit consistent with the policy design or company practice of the insurer. Refer to Board Notice 72 of 5 August 2005.
<b>dread disease policy</b>	Where the benefit is payable on a health event, e.g. a specified amount payable in case of a heart attack, it will be classified as a health policy.
<b>First party cell</b>	A cell where, the shares issued to cell participants provide the cell owners with the ability to underwrite their own risk and that of their subsidiaries. The cell participant is responsible for the funding of the cell and the cell should be maintained at such levels as may be required to ensure the required solvency is maintained at all times. Claims are limited to funds available in the cell after providing for solvency.
<b>FSB</b>	Financial Services Board
<b>Fund</b>	As defined in Section 1 of the Act.
<b>fund policy</b>	As defined in Section 1 of the Act.
<b>gross</b>	amounts payable to or by the insurer in terms of a policy, before deduction of reinsurance
<b>group business</b>	Insurance where a long-term policy is issued to a policyholder other than an individual that covers a group of persons identified by reference to their relationship to the entity buying the contract, provided this excludes grouped individual business.
<b>grouped individual business</b>	Insurance where a long-term policy is issued to a policyholder other than an individual. In terms of the policy an identifiable individual(s) or member(s) is the life insured(s). Only the individual(s) or member(s) may terminate the cover. Examples of these will be credit life policies and funeral group schemes.
<b>health policy</b>	As defined in Section 1 of the Act.
<b>hedge fund</b>	Please refer to Directive 143.A.i (LT)
<b>insurer</b>	A "long-term insurer" as defined in section 1 of the Act.
<b>internal controls</b>	The means by which compliance with the insurer's risk management policies is maintained. Regular reporting, including the use measurements and metrics required to be within limits specified by the risk management policies, be used to verify compliance.

<b><i>life policy</i></b>	As defined in Section 1 of the Act.
<b><i>linked policy</i></b>	As defined in Section 1 of the Act. Living annuities are deemed to be “Linked”
<b><i>long-term insurance business market related</i></b>	As defined in section 1 of the Act.
<b><i>medical scheme</i></b>	Refers to a "market-related policy" as defined in Section 1 of the Act.
<b><i>minimum CAR</i></b>	As defined in the Medical Schemes Act (Act 131 of 1998, as amended).
<b><i>net income and expenses</i></b>	Minimum Capital Adequacy Requirement as referred to in Section 31 of the Act. Also, refer to Board Notice 72 of 5 August 2005 and Directive 140.A.i (LT).
<b><i>net liabilities</i></b>	After deduction of amounts paid/received and outstanding in terms of all reinsurance.
<b><i>OCAR</i></b>	Gross liabilities after allowance for approved reinsurance only. Refer to paragraph 3 of Schedule 3 to the Act.
<b><i>operating expenses for the calculation of the minimum CAR</i></b>	Ordinary Capital Adequacy Requirement
<b><i>Persistency</i></b>	“Operating Expenses” as disclosed in item 1.2 of Statement B7 and include expenses in respect of “investment contracts” as defined in AC133.
<b><i>Promoter cell</i></b>	The rate at which policies and contracts remain in-force
	represents the following in respect of the insurance company it self and will exclude all those belonging to the first or third party cell owners:
	(a) Issued share capital including share premium account
	(b) Non-distributable reserves
	(c) Distributable reserves
	(d) Policy liabilities
	(e) Current liabilities
	(f) Capital Adequacy Requirements
	(g) All assets covering the above
<b><i>prospective valuation</i></b>	The rate at which policies and contracts remain in-force
<b><i>retrospective valuation</i></b>	represents the following in respect of the insurance company it self and will exclude all those belonging to the first or third party cell owners:
<b><i>reversionary bonus policy</i></b>	(a) Issued share capital including share premium account
<b><i>sinking fund policy</i></b>	(b) Non-distributable reserves
<b><i>smoothed bonus policy</i></b>	(c) Distributable reserves
<b><i>statutory actuary</i></b>	(d) Policy liabilities
<b><i>Statutory Valuation Method (SVM)</i></b>	(e) Current liabilities
	(f) Capital Adequacy Requirements
	(g) All assets covering the above

**TCAR**

Termination Capital Adequacy Requirement

A cell where, the shares issued to cell participants (owners) provide the cell owners with the ability to underwrite the risks of third party's. The source of the business underwritten is usually from a captured client base. The difference between a third party and a first party cell is that claims instituted by third parties are not limited to the funds provided by the cell participant, after providing for solvency. The funds provided by the promoters of the cell insurance facility will also be utilised to settle claims should the cell participant fails to provide additional funds to settle any claims.

***Third-party cell***

***with-profit business***

Includes smoothed bonus policies and reversionary bonus policies, as defined. However, it does not include with-profit annuities.

## **Statement A - REGISTRATION INFORMATION**

---

### **DESCRIPTION**

#### **First Time Registration**

If the applicant insurer is applying for a new long-term insurance license please select "Yes" from the drop down box.

In the case of variation of conditions application, please "No" from the drop down box.

#### **Registrar of Long-term Insurance Reference number**

This number refers to the unique number that is allocated to each insurer at registration and used by the insurer in all correspondence with the FSB. This number will be displayed as 10/10/1/xxxx/8.

In case of variation of conditions application, by choosing the name of the insurer from the drop down box, it will be linked to its own unique reference number.

In case of first time registrations the reference number will be non-applicable as it will be allocated once the registration process is finalised.

#### **Name of Long-term Insurer**

In case of first time registrations please insert the proposed name of the insurer manually.

In case of variation of conditions please choose name from drop down box.

#### **Financial Year-end**

Please insert the first financial year that the five year business plan projections are based on.

### **CLASS OF BUSINESS**

#### **Types of policy**

All the types of policies listed are defined in the Act as long-term insurance policies, i.e. assistance, disability, fund, health, life and sinking fund. Tick the appropriate boxes to indicate which types of policies the applicant insurer will / is currently underwrite(ing).

### **NAMES OF CONTACT PERSONS**

Refer to sections 16 and 18 to 22 of the Act.

The applicant insurer / registered insurer must provide the details of the proposed / current public officer, auditor(s) and statutory actuary(ies)'.  
'

The Act requires that the Registrar be informed of the appointment of the proposed public officer. The Registrar also needs to approve the appointment of the proposed auditor(s) and the actuary(ies). All these people have to complete and submit a personal questionnaire to the Registrar.

In addition, it is requested that any change in the persons' contact details or change to appointments, are forwarded to the Registrar.

**Public Officer**

A public officer must be appointed in terms of section 16 of the Act. Where the public officer is changed, the applicant insurer must notify the Registrar within 30 days.

**Auditor**

Where only one firm of auditors will be / is employed, please insert "N/A" under each of the headings provided for the second firm of auditors.

**Actuary**

An applicant insurer / registered insurer are not obliged to have an alternate statutory actuary but in certain cases, they may be appointed. If the applicant insurer does not have an alternate statutory actuary, "N/A" should be filled in under each of the lines related to the alternate statutory actuary.

---

**Statement B - ADDRESSES AND PARTICULARS OF KEY PERSONS**

---

If a key person does not have an e-mail address, please insert "N/A".

**HEAD OFFICE AND PUBLIC OFFICER**

Refer to section 16 of the Act. In terms of section 16(1)(d) of the Act, insurers must notify the Registrar of any changes to the proposed / current head office or public officer within 30 days of the change.

**AUDITORS**

Furnish particulars of the proposed / current Responsible Partner.

Where only one firm of auditors will be / is employed, please insert "N/A" under each of the headings provided for the second firm of auditors.

**ACTUARIES**

An applicant insurer / registered insurer are not obliged to have an alternate statutory actuary but in certain cases, they have been appointed. If the applicant insurer does not have an alternate statutory actuary, "N/A" should be filled in under each of the lines related to the alternate statutory actuary.

---

**Statement C – DIRECTORS, MANAGING EXECUTIVES AND MEMBERS OF AUDIT COMMITTEE**

---

**DIRECTORS**

It is important in relation to every proposed / current director to detail the full requirements of the statement.

**Position held**

Examples include Chairman, Vice-chairman, Non-executive, Managing Director, etc.

**AUDIT COMMITTEE**

Refer to Section 23 of the Act.

**Position held**

Examples include Chairman, Vice-chairman, Non-executive, Managing Director, etc.

---

**Statement D - SUMMARY OF PREMIUMS & BENEFITS**

---

Premiums and benefits reflected will include monies received and paid in respect of investment contracts.

**POLICY CLASSES**

The applicant insurer / registered insurer business must be split in terms of the classes of policies as defined

---

in the Act. This is to ensure that the applicant insurer complies with the registration conditions. The split by type of policy should be consistently applied throughout the return and year on year.

Policies that provide for more than one type of cover should be classified by type of policy. Premiums should be split between the different types of policies as far as the data is available. If the information is not available, the policy should be classified according to the basic or main type of cover, and the total premium should be allocated to that type.

## **Statement E - SUMMARY OF STATUTORY VALUATION METHOD ASSETS & LIABILITIES**

---

### **CURRENT ASSETS**

Current assets include the gross amount of "debtors", "loans" and "amounts due to insurer" (before deduction of any current liabilities or any amount due by the insurer).

### **CURRENT ASSETS**

Please specify any amount reflected against other assets.

Linked and non-linked liabilities will include liabilities in respect of investment contracts.

### **OTHER LIABILITIES**

This will include long-term liabilities for instance debentures, preference shares etc. Please specify any amount reflected against other liabilities.

## **Statement F - LIABILITIES**

---

### **LIABILITIES UNDER UNMATURED POLICIES**

The classes of business are as defined in section 1 of the Act. The total value of "liabilities under unmatured policies" must agree with statement E, linked and non-linked liabilities. For purposes of this statement, liabilities for investment contracts must be reflected as "liabilities under unmatured policies" and not as "other insurance liabilities".

### **OTHER INSURANCE LIABILITIES**

Except for liabilities for investment contracts, "Other insurance liabilities" must correspond to the "Current and Other liabilities" in statement E.

## **Statement G - EXCESS ASSETS & CAPITAL ADEQUACY COVER**

---

### **ASSET COVER**

Excludes assets disregarded for purposes of sections 30 and 31 in terms of paragraph 4 of Schedule 3 to the Act.

### **EXCESS ASSETS REPRESENTED BY - OTHER**

The adjustment for all Schedule 3 adjustments should be disclosed as a negative in the "Other" line.

### **FREE ASSETS**

Refer to sections 29(3) and 35 of the Act. A shortfall of assets must be shown and must be explained in a separate note to this statement.

### **COMMITMENTS & CONTINGENT LIABILITIES**

Refer to Section 34 of the Act. Commitments and contingent liabilities are not included in the total value of liabilities.

The values under items 4 and 5 will always be included in the value of total assets under item 1.

### **ENCUMBRANCE OF ASSETS**

Refer to sections 32(1)(c) and 34(1)(a) of the Act. Encumbered assets and subordination agreements should be detailed in a supporting statement.

### **WAIVING BY CREDITORS OF CERTAIN RIGHTS**

Waivers by creditors of certain rights should be detailed in a supporting statement.

## **Statement H - STATUTORY VALUATION METHOD OF NET POLICY LIABILITIES**

The liabilities should be stated before any deductions other than approved reinsurances.

### **LINKED LIABILITIES**

Refers to a "linked policy" and "market-related policy" as defined in Section 1 of the Act. Linked liabilities should be grossed up for negative Rand reserves. These Rand reserves should be shown under the "Deduction from linked liabilities" line.

### **NON-LINKED LIABILITIES**

#### **Prospective/Retrospective valuation**

To prevent double counting of liabilities, products need to be valued on only one of the two valuation bases (prospective/retrospective) and only one of the lines completed. (In other words, it is not necessary to value policies on both bases.) The different product types may be valued on different bases. Where a specific product type is valued by using a combination of retrospective and prospective bases, both lines must be completed such that the sum of the two lines represents the total liability.

#### **Non-vested bonuses**

This includes non-vested reversionary bonuses and terminal bonuses that have not vested yet.

#### **Supplementary benefits**

This includes the liability for other benefits (e.g. riders) that are not included in the basic liability.

#### **Bonus stabilisation reserves**

This amount should represent any bonus stabilisation reserve that exists for the different product types.

#### **AIDS Reserve**

PGN102 requires the statutory actuary to take into account the effect of HIV/AIDS and establish any necessary additional reserves. Please reflect any such reserves in this section.

#### **Embedded Investment Derivatives Reserve**

This reserve is for embedded investment derivatives and should be calculated in accordance with the Actuarial Society of South Africa's professional guidance note 110 (PGN110). Embedded investment derivatives that are covered by that guidance note include the following:

- Minimum investment maturity guarantees
- Guaranteed annuity options
- Minimum investment related death or other risk benefits
- Minimum investment related surrender benefits
- Minimum increase rate guarantees on variable annuities
- Implied investment guarantees related to conventional with-profit and smoothed bonus business in the form of vested/guaranteed bonuses
- Explicit or implicit minimum investment return guarantees on universal life policies' fund accounts (e.g. a guarantee term on a with-cover universal life policy implies a guaranteed fund value and surrender value of zero on the guarantee expiry date).

### **Other reserves**

This includes other Rand reserves, IBNR reserves, reserves for maturity guarantees etc. The reserves should be detailed in a supporting statement.

### **Discretionary margins**

Refer to Board Notice 72 of 5 August 2005. Reflect the liability for any discretionary margins included in the valuation basis.

Negative Reserves on non-linked liabilities should be shown as a discretionary margin and not as an “other” reserve.

## **Statement I - CAPITAL ADEQUACY REQUIREMENT**

Refer to Board Notice 72 of 5 August 2005 that sets out the prescribed requirements for the calculation of the value of the assets, liabilities and capital adequacy requirement of long-term insurers, as specified in paragraph 2 of Schedule 3 of the Act. Also, refer to the ASSA professional guidance notes PGN104 & PGN105.

### **INVESTMENT RISK**

Resilience risk (gi)

Embedded Investment Derivatives Component – The Embedded Investment Derivatives Component is shown separately for the first time in the LT2008. This element should reflect the embedded investment derivatives component of the investment risk capital requirement. This capital requirement should be calculated in accordance with the Actuarial Society of South Africa's professional guidance note 110 (PGN110). For Version 2.0 of PGN110, the embedded investment derivatives component should be equal to  $C = CTE[0.85] - R$  as defined in the guidance note. Please note that the resilience risk element would then be equal to the maximum of the embedded investment derivatives component and the resilience scenario (as described in PGN104) with a deterministic allowance for the cost of the embedded investment derivative included. For Version 3.0 of PGN110 (applicable for valuations done on or after 30 June 2008) the embedded investment derivatives component would equal the difference between the embedded investment derivatives reserve before and after applying the resilience tests. This amount in respect of embedded derivatives is included in the resilience risk item (gi). Please note that the value inserted in this row is not used in the formulae but is included to give more insight to the insurer's exposure to embedded derivatives.

Kindly note that the “Credit Risk” component should be ignored until further notice and that it's not taken into account in the IOCAR calculation.

### **ADJUSTMENT FACTOR**

IOCAR is the intermediate ordinary capital adequacy requirement before taking into account the effect of the assumed falls in fair value (according to the resilience scenario) of assets covering it.

The OCAR is calculated by applying an adjustment factor to the IOCAR for the effect of an assumed fall in fair value of the assets backing it. Refer to PGN104.

### **CAPITAL ADEQUACY REQUIREMENT**

The total CAR equals the maximum of TCAR and OCAR. The values required in the columns split by year are the CAR before application of the square root formula. The total column will not necessarily add up. However, it will provide the Registrar with information of the relative size of the risks associated with each type of business.

### **MINIMUM CAPITAL ADEQUACY REQUIREMENT**

Refer to Board Notice 72 of 5 August 2005... The minimum capital adequacy requirement is the higher of:

- R10 million;
- An amount representing operating expenses, as reported in Statement B7, multiplied by 13 and divided

by 52 or, if different, the number of weeks included in the reporting period.

## **Statement J – INCOME STATEMENT**

---

This statement must be prepared on the statutory basis.

## **Statement K – BALANCE SHEET**

---

This statement must be prepared on the statutory basis.

## **Statement L – GENERAL INFORMATION**

---

### **PRODUCTS MARKETED AND SOLD**

This statement requires a short description of products that will be marketed and sold by the applicant insurer.

### **MICRO INSURANCE**

Information relating to business sold to the low income market (i.e. LSM 1-5) need to be submitted in respect of % contribution of gross premiums for each of the classes of business.

### **CREDIT DERIVATIVES**

Financial stability issues can be associated with Credit Risk Transfer in particular:

- whether the instruments / transactions accomplish a clean risk transfer;
- the degree to which Credit Risk Transfers market participants understand the risk involved and
- whether the Credit Risk Transfer activities are leading to undue concentrations of credit risk inside or outside the regulated financial sector.

The definition of credit derivatives:

A derivative instrument is a security or contract whose value is dependent on or derived from the value of some underlying asset. A credit derivative is a bilateral contract. In the contract the two parties agree to a future transaction based on the possibility of default or bankruptcy by a third party. Credit derivatives are in essence designed to protect one of the signing parties against the risk of default. Similar to other derivative contracts credit derivatives fill the need to buy / sell credit exposure without buying / selling the underlying financial obligations.

Examples of such transactions might be – credit default swaps or total return swaps or credit link notes.

Internationally mainly banks and insurance companies trade in these instruments to allow them to hedge away unwanted exposure or to build on desirable credit risk. This reduces the overall risk profile and increases the return on a portfolio. It also enables them to uptake or offload credit exposure without actually buying or selling assets and also allows them to remove assets from their balance sheets reducing the amount of regulatory capital they need to hold.

Credit risk management is therefore very similar to an insurance policy against credit quality default therefore the reasoning behind including the questions to ascertain the level of use of these instruments in the South-African market.

### **OUTSOURCING**

Outsourcing refers to those functions material to insurance relating operations e.g. underwriting, claims and information technology. This would not include outsourcing for e.g. security or catering services.

### **REINSURANCE ARRANGEMENTS**

Applicant insurer / registered insurer need to have risk management strategies in place in order to ensure their solvency and policyholder security is maintained. A major risk tool that is used to protect key exposures and reduce fluctuations in results is reinsurance. The policyholder is exposed to the extent that an adequate risk management strategy is not in place. In addition, they also face the credit risk of a reinsurer defaulting at claim time.

Currently the FSB makes use of the principle of approved and non-approved reinsurance in an attempt to manage this credit risk. However, the intention is to remove this requirement by replacing it with a more detailed risk management and reinsurance submission form that will be have to be completed by insurers and reinsurers.

The information gathered will allow the FSB to determine the applicant insurer's credit risk to reinsurers as well as their key risk exposures in the various classes of business.

### **Overall Reinsurance Strategy**

The applicant insurer / registered insurer must have a clearly thought through and very specific *reinsurance strategy* that has been approved by the board. The board and senior management must spend time on and be involved in the reinsurance purchasing decision-making process.

Some of the additional questions may be covered by the applicant insurer's reinsurance strategy, therefore companies could refer to their strategy where appropriate. The additional questions consist of FIVE main sections, namely:

**Catastrophe Cover** - Details of catastrophe reinsurance are sought for both Life and Disability lines of business, Group and Individual;

**Surplus Reinsurance;**

**Reinsurance exclusions;**

**Cancellation of reinsurance; and the**

**Total reinsurance picture**

## **Statement M– SUMMARY OF SVM ASSETS AND LIABILITIES**

---

All applicant insurers / registered insurers who will / are conduct(ing) cell captive business must complete the statement.

## **Statement N– SENSITIVITY TESTING**

---

Scenario tests on the following sensitivities to the central assumptions (assumptions used in compiling the business plan in general on both the statutory basis and for the income & balance sheet where applicable) should be done:

- Total expenses 20% higher than central assumptions;
- Mortality and morbidity experience 20% higher than central assumptions Mortality and morbidity experience 20% higher than central assumptions (i.e. assuming worse experience which could lead to a 20% reduction or increase to central assumptions depending on whether annuity or assurance business is considered);
- Persistency decreased by 20%
- Sales volumes at 50% of central assumptions
- Sales volume at 50% and expense less 25%
- Investment returns at 30% of central assumptions

