

FSB Economic Impact Study Questionnaire

Frequently Asked Questions (FAQ)

1 Insurer Identifier Code

1.1 Question A1

How do insurers determine their insurer identifying code?

An insurer identifying code is IXXX or RXXX for insurers and reinsurers respectively, where XXX is the number in the 10/10/XXX/8 insurer registration number.

2 Asset allocation

2.1 Question F2 Part (a)

Should corporate loans be included in the Corporate Bonds non-listed category, and should derivatives be notional or mark-to-market value?

Corporate loans should be included in corporate bonds.

Derivatives should be mark-to-market value.

2.2 Question F2 Part (b)

Part (b) requests our anticipated asset allocation for policyholder liabilities under SAM. Is this under a QIS3 SAM approach (bond yield curves) or a QIS2 SAM approach (swap yield curves) as our answer may differ significantly between the two options?

As per the Introduction tab in the survey, for Pillar 1 respondents should assume the use of the bond curve as the risk-free yield curve.

3 PVFP and the SCR under SAM

3.1 Questions F3 and F4

In questions F3 and F4, respondents are required to specify different asset allocations for assets backing capital requirements and assets as part of free surplus. Under the SAM “total balance sheet” or “value at risk” approach, assets aren’t separately earmarked to back SCR and free surplus.

How should we complete this section?

Practically, if you do not “hypothecate” assets at all to the SCR, you should indicate the same asset allocation for SCR and Free Surplus. This will result in the correct analysis of total capital market impact.

If you do have separate asset strategies broadly aligned to free surplus and assets of the size of the SCR, please specify the separate asset allocations in each section.

4 Asset holding limits

4.1 Question F9

Part (b) reads “Listed company shares are only allowed up to a maximum of 5% of the non-linked assets of the insurer.” Does this limit only apply to listed *own* company shares?

Yes, the description should read “Listed own company shares are only allowed up to a maximum of 5% of the non-linked assets of the insurer.”

5 Inward reinsurance

5.1 Section K

Should I complete the section as the inward reinsured?

If you place reinsurance with a reinsurer, you should complete the outwards reinsurance sections.

If you accept reinsurance from another company, including one within your group, you should complete the inwards reinsurance sections. If you do accept inwards reinsurance from other companies, but not on traditional terms, you may not find all the questions relevant. If this is the case, please only answer those questions that are relevant or for which you have a clear answer.

6 Investment Strategy

6.1 Questions F2 to F4

There is no line for "Other Assets" such as Plant & Equipment, Deferred Tax Assets (or Liabilities), Debtors, Current assets etc.

Where should we allocate that to or should we create a new line?

You can disregard the “other assets”. This section of the survey is examining the impact on capital markets so “other assets” are not relevant.

You must still make sure the asset allocations add up to 100%. Respondents must consider the proportionate allocation of “financial instruments” rather than total assets.