Public consultation on ancillary risk indicators in the Global Monitoring Exercise

27 November 2024

Deadline for responses: 3 February 2025

About the IAIS

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability.

Established in 1994, the IAIS is the international standard-setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation. The IAIS also provides a forum for Members to share their experiences and understanding of insurance supervision and insurance markets.

The IAIS coordinates its work with other international financial policymakers and associations of supervisors or regulators, and assists in shaping financial systems globally. In particular, the IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB), and partner in the Access to Insurance Initiative (A2ii). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard-setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

For more information, please visit www.iaisweb.org and follow us on LinkedIn: IAIS – International Association of Insurance Supervisors.

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This document is available on the IAIS website (www.iaisweb.org).

Content Overview

Acronyms

AC	Amortised cost
CLP	Credit loss parameters
FSB	Financial Stability Board
FV	Fair value
GIMAR	Global Insurance Market Report
GME	Global Monitoring Exercise
GNA	Gross notional amount
IAIS	International Association of Insurance Supervisors
IG	Investment grade
IIM	Individual Insurer Monitoring
ILR	Insurance Liquidity Ratio
IRR	Interest rate risk
OTC	Over-the-counter
P&C	Property and casualty
PFE	Potential future exposure
SWM	Sector-Wide Monitoring
VM	Variation margin

1 Introduction

In November 2019, the IAIS adopted the Holistic Framework[1] for the assessment and mitigation of systemic risk in the global insurance sector to support its mission to promote effective and globally consistent supervision of the insurance industry. In December 2022, the Financial Stability Board (FSB) endorsed the IAIS Holistic Framework as an effective framework for the assessment and mitigation of systemic risk in the insurance sector.

The key elements of the Holistic Framework are: (1) an enhanced set of supervisory measures for macroprudential purposes, (2) the IAIS Global Monitoring Exercise (GME)[2] and (3) an assessment by the IAIS of the comprehensive and consistent implementation of enhanced ongoing supervisory policy measures and powers of intervention.

As a key component of the Holistic Framework, the GME is designed to evaluate global insurance market trends and developments, as well as to identify potential systemic risks within the global insurance sector. This involves an annual assessment by the IAIS, which examines potential systemic risks that may arise from sector-wide trends related to specific activities and exposures. Additionally, the assessment considers the possible concentration of systemic risks at the level of individual insurers, using a specific assessment methodology to evaluate these activities and exposures.

1.1 Objective

The Individual Insurer Monitoring (IIM) assessment comprises several components:

- Individual assessments: scores for individual insurers are determined using both absolute and relative indicator-based methodologies;
- Cross-sectoral analysis, comparing the systemic footprint of individual insurers with that of banks;
- Aggregate trend developments of individual insurers; and
- Ancillary indicators, to supplement the primary individual assessments.

The development of ancillary risk indicators aims to further aid the IAIS assessment of potential systemic risk in the global insurance sector within the IIM component of the GME. These ancillary indicators do not impact the total quantitative scores of individual insurers but provide additional context that can inform the overall assessment of systemic risk. While the ancillary indicators are mainly envisaged to provide additional information on individual insurers, the IAIS will also monitor aggregate developments of the components of the proposed ancillary indicators during the regular review of the GME assessment methodology[3].

In November 2022, the IAIS completed the development of the first ancillary indicators, consisting of liquidity metrics, following two public consultations - an interim consultation in 2020 and a final consultation in 2021.[4] These liquidity metrics serve as a tool for the IAIS to assess insurers' liquidity

[1] See IAIS, Holistic Framework (iaisweb.org).

[2] See IAIS, Global Monitoring Exercise, June 2023 (iaisweb.org).

[3] For more details on the regular review of the GME and on the IAIS collective discussion of individual insurer systemic risk scores and sector-wide themes, see sections 2.3 and 7 of the Global Monitoring Exercise document.

[4] See "IAIS finalises liquidity metrics as an ancillary indicator for its Global Monitoring Exercise", press release, 18 November 2022.

exposures. While they are not binding requirements, they function as a monitoring tool to help identify liquidity trends in insurers and the insurance sector.

This consultation document seeks feedback on an additional set of proposed ancillary indicators concerning credit risk, derivatives, reinsurance, and mark-to-model assets[5]. Additionally, a proposal for amendments to the liquidity metrics is outlined in this document.

Input received through this consultation will be considered in the context of the upcoming regular review of the GME assessment methodology, scheduled to take place in 2025. The outcome of the review, including the decision on the inclusion of new ancillary indicators, will be reflected in the updated GME documentation that will be published in 2025.

The deadline for providing input to this public consultation is 3 February 2025.

A stakeholder session on this public consultation will take place on 11 December 2024.

1.2 Structure of the consultation document

The remainder of this document is organised as follows:

- Section 2: proposed ancillary indicator on credit risk.
- Section 3: proposed ancillary indicator on derivatives.
- Section 4: proposed ancillary indicator on reinsurance.
- Section 5: proposal on an adjusted mark-to-model assets indicator.
- Section 6: proposed amendments to the liquidity metrics.
- Section 7: conclusion.

Each section outlines the objectives of the proposed ancillary indicator, including the potential transmission channels to systemic risk. Where possible, the definitions of the proposed metrics refer to data item codes collected in the GME. Excerpts from the data collection templates and technical specifications of the items required to calculate the proposed metrics are available in Annex 2. Aggregated quantitative results based on the 2024 GME data collection are also included in the document.[6] Finally, questions seeking feedback from stakeholders are highlighted in light blue boxes in each section.

2 Ancillary indicator on credit risk

2.1 Overview

Insurers are increasingly important providers of credit across a range of sectors and asset classes, including sovereign bonds, corporate bonds, securitisations, loans and mortgages. These investments expose insurers to potential losses in the event of defaults. Additionally, credit rating downgrades may force insurers to hold additional capital or sell such assets. In sectors where insurers are particularly active, a pullback of credit provided by insurers could have impacts on the

[5] Mark-to-model assets are financial assets the values of which are not readily observable in the market and must therefore be estimated using financial models. These models use various assumptions and inputs to determine the assets' values. This approach is typically used for complex or illiquid assets where market prices are not available.

[6] Aggregated results may appear similar for certain metrics. However, it is important to note that the distribution of individual insurers' results might differ across metrics that show similar aggregate outcomes. Results are reported in aggregate to preserve confidentiality of individual insurers' information.

real economy. Similarly, if defaults or downgrades occur in sectors and asset classes where insurers are heavily invested, the potential losses for insurers could be significant. The credit risk ancillary indicator aims to capture insurers' exposure to certain asset types and the potential losses in the event of defaults or downgrades of the relevant counterparties.

Multiple metrics are proposed, in order to comprehensively capture the various dimensions of credit risk. Table 1 provides an overview of the proposed ancillary indicator on credit risk. In the table and in the remainder of the document, all items related to investments and their subcomponents refer to investments excluding separate accounts.

Table 1: Ancillary indicator on credit risk	Metric	Numerator	Denominator
Investments by credit rating	CRE.1.a	Investments in debt securities (unrated, below IG, at IG)	Total investments
	CRE.1.b	Investments in debt securities (unrated, below IG, at IG)	Total investments in debt securities (unrated, below IG, at IG, above IG)
Credit risk scenario analysis	CRE.2.a	Simulated credit losses for debt securities	Total investments
	CRE.2.b	Simulated credit losses for debt securities	Total investments in debt securities
	CRE.2.c	Simulated credit losses for debt securities	Net assets

2.2 Investments by credit rating

These metrics assess the proportion of insurers' investments that consist of high-yield (below investment grade) debt, unrated debt, and at investment grade debt, expressed as a percentage of their total debt securities or total investments. They are compiled as an aggregate of various debt instruments and credit ratings and can be further detailed by individual asset classes and ratings.

For the purpose of the ancillary indicator on credit risk, an investment is defined as being "at" investment grade if its credit rating is at and not higher than step 4 in the classification outlined in Table 2.

Table 2: Credit rating	Step	S&P	Moody's	Fitch	DBRS	AM Best	NAIC	Solvency II	Chinese ratings	Japan Credit Rating Agency	R&I (Japan)
Above IG	**1**	AAA	Aaa	AAA	AAA			CQ0		AAA	AAA
Above IG	**2**	AA / A-1	Aa / P-1	AA / F1	AA / R-1	A+		CQ1		AA / J-1	AA / a-1
Above IG	**3**	A / A-2	A / P-2	A / F2	A / R-2	A	1	CQ2	AAA	A / J-2	A / a-2
At IG	**4**	BBB / A-3	Baa / P-3	BBB / F3	BBB / R-3	B+	2	CQ3		BBB / J-3	BBB / a-3
Below IG	**5**	BB	Ba	BB	BB	B	3	CQ4	AA/A1, A/A2	BB	BB

Below IG	**6**	B / B	B / NP	B / B	B / R-4	C+	4	CQ5	BBB/A3, BB, B	B / NJ	B / b
Below IG	**7**	CCC / C and lower	Caa and lower	CCC / C and lower	CCC / R-5 and lower	C and lower	5	CQ6	CCC and lower	CCC and lower	CCC / c and lower

2.2.1 Objective

As a primary channel of potential transmission of systemic risk, these metrics aim to monitor the asset liquidation channel. Large-scale selling of assets by insurers may lead to procyclical price declines in asset classes where insurers own a large share of the market. Such selling can occur because of insurer distress, as well in response to regulatory constraints (eg higher capital requirements) in the event of debt securities downgrades.

2.2.2 Proposed definition

For the purpose of the ancillary indicator on credit risk, debt securities include sovereign bonds, corporate bonds, securitisations, and loans and mortgages, while total investments include all bonds, shares, real estate investments, cash investments and any other means of asset allocation. In other words, debt securities are included in total investments. The following definitions refer to investments excluding separate accounts and to data item codes collected within the IIM template in the GME:

- **CRE.1.a**: Investments in debt securities (unrated, below IG, and "at" IG) / Total investments

$$CRE.1.a = \frac{\sum_{i=1,2,Z,3}(IIM.65.i.2 + IIM.65.i.3 \ + \ IIM.65.i.4)}{IIM.65}$$

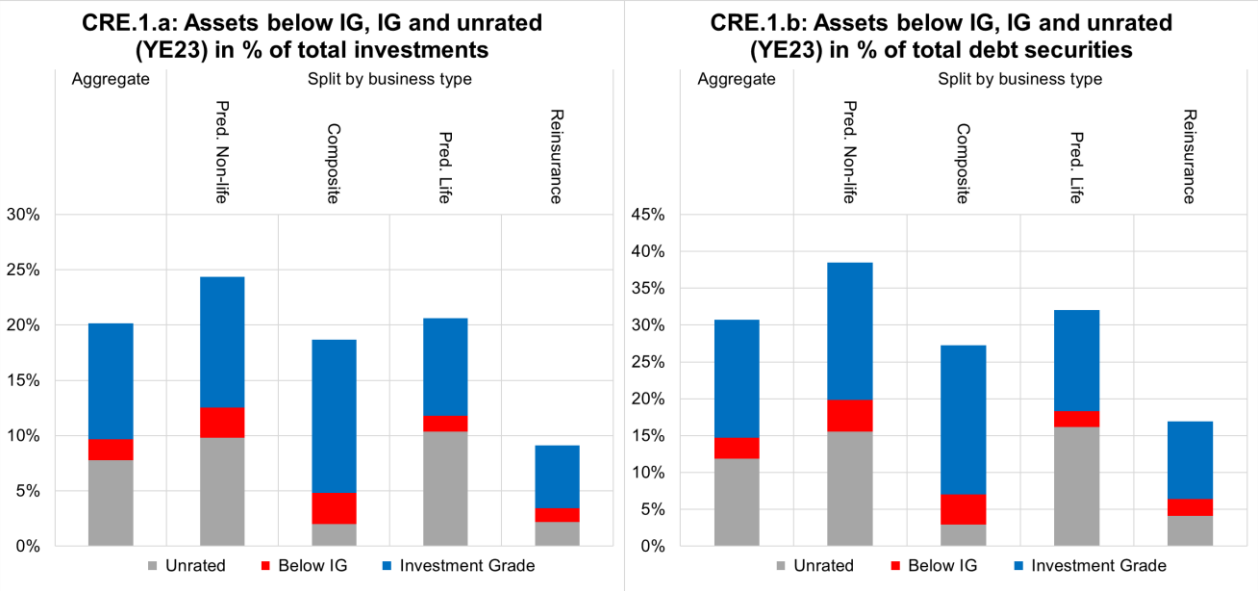
- **CRE.1.b**: Investments in debt securities (unrated, below IG, and "at" IG) / Total debt securities

$$CRE.1.b = \frac{\sum_{i=1,2,Z,3}(IIM.65.i.2 + IIM.65.i.3 \ + \ IIM.65.i.4)}{\sum_{i=1,2,Z,3} IIM.65.i}$$

2.2.3 Results from the 2024 GME

Figure 1 displays the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data at year-end 2023 for metrics CRE.1.a and CRE.1.b. Further variability between the CRE.1.a and CRE.1.b metrics may arise at individual insurers level, especially in the case of insurers for which debt securities are not the largest portion of total investments.

Figure 1



Source: IAIS, IIM 2024.

2.3 Credit risk scenario analysis

The credit risk scenario analysis measures simulated credit losses as a percentage of total debt securities, total investments or net assets.

2.3.1 Objective

The credit risk scenario analysis aims to estimate potential losses following a credit loss event using historical default rates and recovery rates. The credit risk scenario analysis focuses on the interconnectedness and counterparty risk transmission channels to potential systemic risk, specifically focusing on the potential impact of credit defaults on insurers' balance sheets and their subsequent effects on the broader financial system.

2.3.2 Proposed definition

The credit risk scenario analysis simulates credit losses by applying the credit loss parameters (CLP) to exposures to different asset classes, split by credit rating.

For each asset class and rating bucket, credit losses are calculated as the product of amounts invested times default rates and loss-given-default (defined as "1 - Recovery Rates"). The following definitions refer to investments excluding separate accounts.

- **CRE.2.a**: Simulated credit losses for debt securities / Total investments

$$CRE.2.a = \frac{\sum_{i,j} IIM.65_{i,j} * CLP_{i,j}}{IIM.65}$$

$$\boldsymbol{CLP = -1 * Default\ Rates * (1 - Recovery\ Rates)}$$

$$\boldsymbol{i = \{Sovereign\ bonds; Corporate\ bonds; Securitisations; Loans\ and\ mortgage\ loans\}}$$

$$\boldsymbol{j = \{above\ IG; at\ IG; below\ IG; unrated\}}$$

- **CRE.2.b**: Simulated credit losses for debt securities / Total investments in debt securities

$$CRE.2.b = \frac{\sum_{i,j} IIM.65_{i,j} * CLP_{i,j}}{\sum_{i=1,2,Z,3} IIM.65.i}$$

$$CLP = -1 * \ Default\ Rates\ * (1 - Recovery\ Rates)$$

$$i = \{Sovereign\ bonds; Corporate\ bonds; Securitisations; Loans\ and\ mortgage\ loans\}$$

$$j = \{above\ IG; at\ IG; below\ IG; unrated\}$$

- **CRE.2.c**: Simulated credit losses for debt securities / Net assets

$$CRE.2.c = \frac{\sum_{i,j} IIM.65_{i,j} * CLP_{i,j}}{IIM.9 - IIM.10.1}$$

$$CLP = -1 * \ Default\ Rates\ * (1 - Recovery\ Rates)$$

$$i = \{Sovereign\ bonds; Corporate\ bonds; Securitisations; Loans\ and\ mortgage\ loans\}$$

$$j = \{above\ IG; at\ IG; below\ IG; unrated\}$$

The CLP used for each asset class and credit rating bucket are displayed in Table 3.

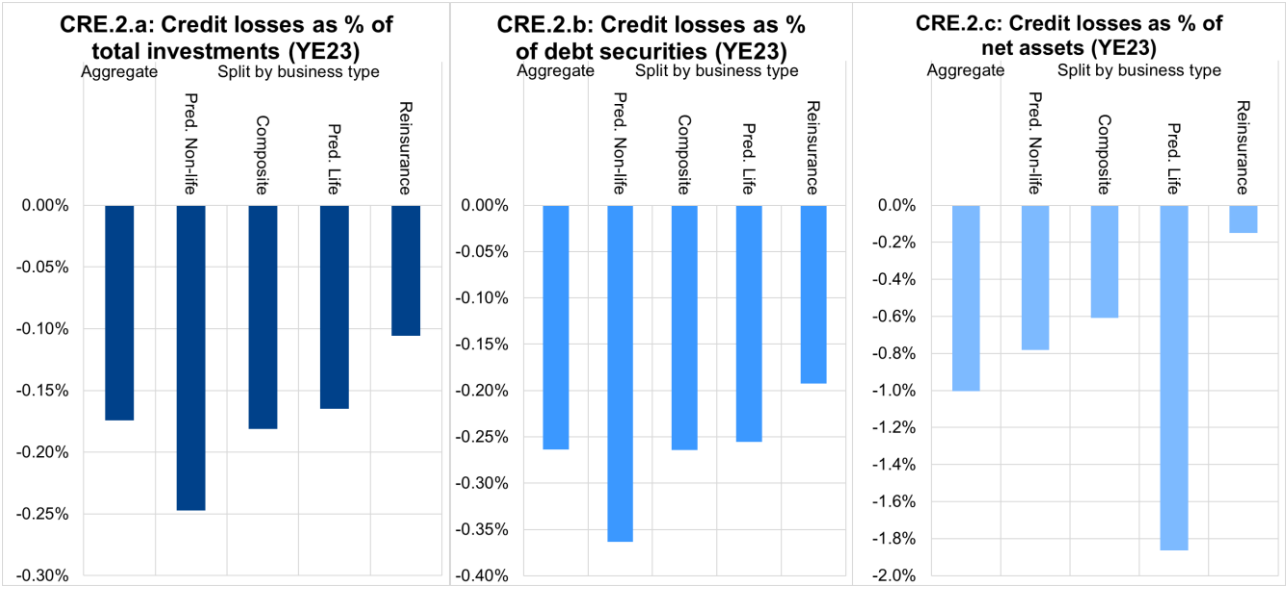
Table 3: Credit risk scenario analysis	Credit rating	Default rates	Recovery rates	CLP
Sovereign bonds	Above IG	0.09%	70%	-0.03%
	At IG	0.82%	70%	-0.25%
	Below IG	7.23%	70%	-2.17%
	Unrated	2.76%	70%	-0.83%
Corporate bonds	Above IG	0.39%	70%	-0.12%
	At IG	1.02%	70%	-0.31%
	Below IG	9.03%	70%	-2.71%
	Unrated	3.48%	70%	-1.04%
Securitisations	Above IG	0.39%	40%	-0.23%
	At IG	1.02%	0%	-1.02%
	Below IG	9.03%	0%	-9.03%
	Unrated	3.48%	0%	-3.48%
Loans and mortgages	Above IG	0.39%	70%	-0.12%
	At IG	1.02%	70%	-0.31%
	Below IG	9.03%	70%	-2.71%
	Unrated	3.48%	70%	-1.04%

Sources: Global Credit Data; S&P Global; IAIS members' input; IAIS Secretariat calculations.

2.3.3 Results from the 2024 GME

Figure 2 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data at year-end 2023 for metrics CRE.2.a, CRE.2.b and CRE.2.c:

Figure 2



Source: IAIS, IIM 2024.

2.4 Questions

Question 1: Do you have any views on the proposed definitions of the metrics on investments by credit rating (CRE.1.a and CRE.1.b)? If you would recommend changes, please provide revised definitions and technical specifications.

Question 2: Do you have any views on the proposed definitions of the metrics on credit risk scenario analysis (CRE.2.a, CRE.2.b and CRE.2.c)? If you would recommend changes, please provide revised definitions and technical specifications.

Question 3: Do you have any views on the proposed default and recovery rates in the credit risk scenario analysis (Table 3)? If you would recommend changes, please provide the data sources.

Question 4: Is the current level of granularity of collected data in the IIM template (asset class, credit rating) adequate to monitor an insurers' credit risk exposure, taking into account the reporting burden of any potential increased granularity?

Question 5: Do you have any other comments on the proposed ancillary indicator on credit risk?

3 Ancillary indicator on derivatives

3.1 Overview

Derivatives may be useful instruments for insurers to manage risk and/or reduce costs. However, derivative positions may in some circumstances be a source of liquidity or credit risks. Derivatives can also be considered as a potential transmission channel between the different financial sectors.

Given the varied nature and the overall complexity of the risks and benefits associated with the use of derivatives by insurers, the IAIS deems it preferable to develop several metrics to assess multiple relevant dimensions.

An overview of the proposed ancillary indicator is provided in Table 4. For the purpose of the ancillary indicator on derivatives, total assets include separate accounts.

Table 4: Ancillary indicator on derivatives	Metric	Numerator	Denominator
Relative usage of derivatives	DER.1.a	Gross notional amount (GNA) of derivatives	Total assets
	DER.1.b	GNA of over-the-counter (OTC) derivatives	Total assets
	DER.1.c	Net fair value (FV) of derivatives	Total assets
	DER.1.d	Activated FV of derivatives	GNA of derivatives
	DER.1.e	GNA of interest rate risk (IRR), FX, equity, reinsurance, credit risk and other derivatives	GNA of all derivatives
Potential future exposure (PFE)	DER.2.a	PFE of derivatives	Total assets
Materiality of OTC derivatives	DER.3.a	GNA of OTC derivatives	Sector wide GNA of OTC derivatives
Margin and collateral calls	DER.4.a	Max 10-day variation margin (VM) call	Cash
	DER.4.b	Max 10-day VM call	Insurance Liquidity Ratio (ILR) liquidity sources
	DER.4.c	Max 10-day VM call	Average 10-day VM call
Central clearing	DER.5.a	GNA of centrally cleared OTC derivatives	GNA of OTC derivatives
Hedging	DER.6.a	GNA of derivatives used for hedging	GNA of all derivatives

3.2 Relative usage of derivatives

The following metrics are proposed to monitor relative usage of derivatives:

- **DER.1.a:** GNA of derivatives / Total assets;
- **DER.1.b:** GNA of OTC derivatives / Total assets;
- **DER.1.c:** Net FV of derivatives (FV der. assets – FV der. liabilities) / Total assets;
- **DER.1.d:** Activated value of derivatives (FV der. assets + FV der. liabilities) / GNA; and
- **DER.1.e:** GNA share of derivatives' types (IRR, FX, equity, reinsurance, credit risk).

3.2.1 Objective

Measuring the relative usage of derivatives through various metrics provides a nuanced assessment of the potential impact on financial stability through the interconnectedness and counterparty risk transmission channels. Several metrics are therefore proposed to jointly assess insurers' relative usage of derivatives:

- **DER.1.a, DER.1.b**: The ratio of GNA of (OTC) derivatives to total assets shows the scale of (OTC) derivative exposure relative to the insurer's overall assets. A higher ratio may indicate significant leverage and potential vulnerability to market fluctuations, affecting the insurer's ability to meet obligations in stressed conditions.
- **DER.1.c**: Net fair value of derivatives divided by total assets shows the net impact of derivatives on the insurer's balance sheet. A significant positive or negative value suggests substantial gains or losses, which could affect solvency and financial stability in adverse market conditions. In an unstressed situation, a value close to zero can reflect the hedging between different hedging positions, mitigating potential high shares of GNA to total assets.
- **DER.1.d**: The sum of fair value of derivatives assets and liabilities divided by GNA compares the market value of derivatives to their GNA, reflecting the extent to which these positions are in or out of the money. A high value suggests greater sensitivity to market movements and potential risk amplification.
- **DER.1.e**: A diverse derivative portfolio can either mitigate or increase risk, depending on how it's managed. Monitoring various types of derivatives helps in assessing whether the insurer is exposed to concentrated risks (eg reliance on specific markets or instruments) or has mitigated risks through diversification.

By measuring these metrics, the IAIS can evaluate both the scale and the nature of an insurer's derivative exposure, identifying areas of potential systemic risk that could impact financial stability.

3.2.2 Proposed definition

The following definitions refer to data item codes collected within the IIM template of the GME:

- **DER.1.a**: GNA of derivatives / Total assets

$$DER.1.a = \frac{IIM.40.A.1}{IIM.9}$$

- **DER.1.b**: GNA of OTC derivatives / Total assets

$$DER.1.b = \frac{IIM.40.A.1.a}{IIM.9}$$

- **DER.1.c**: Net FV of derivatives (FV der. assets – FV der. liabilities) / Total assets

$$DER.1.c = \frac{IIM.39.3 - IIM.39.4}{IIM.9}$$

- **DER.1.d**: Activated value of derivatives (FV der. assets + FV der. liabilities) / GNA

$$DER.1.d = \frac{IIM.39.3 + IIM.39.4}{IIM.40.A.1}$$

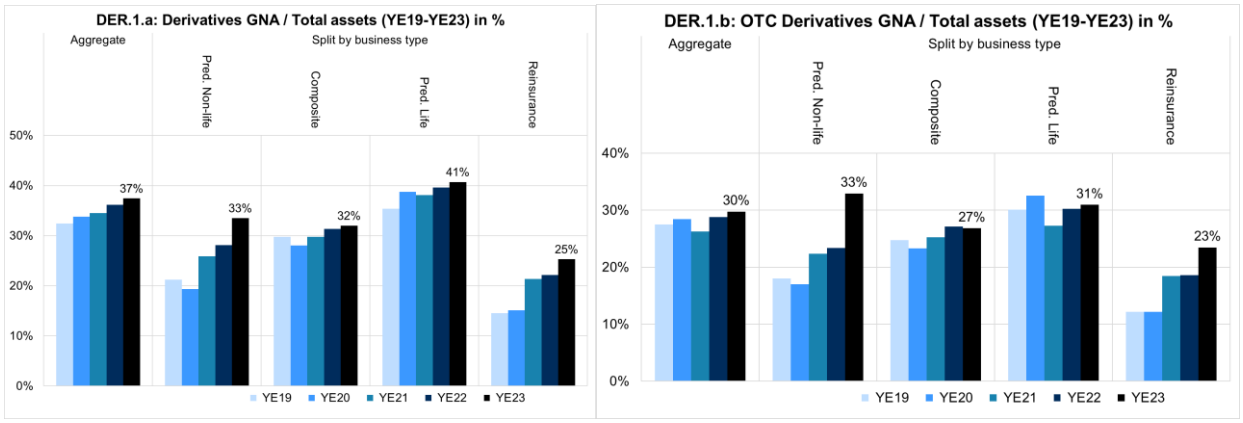
- **DER.1.e**: GNA shares of derivatives' types (IRR, FX, equity, reinsurance, credit risk)

$$DER.1.e = \frac{IIM.75.i}{\sum_{\boldsymbol{k=1,\ldots,6}} IIM.75.\boldsymbol{k}}$$

3.2.3 *Results from the 2024 GME*

Figure 3 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data for metrics DER.1.a and DER.1.b.

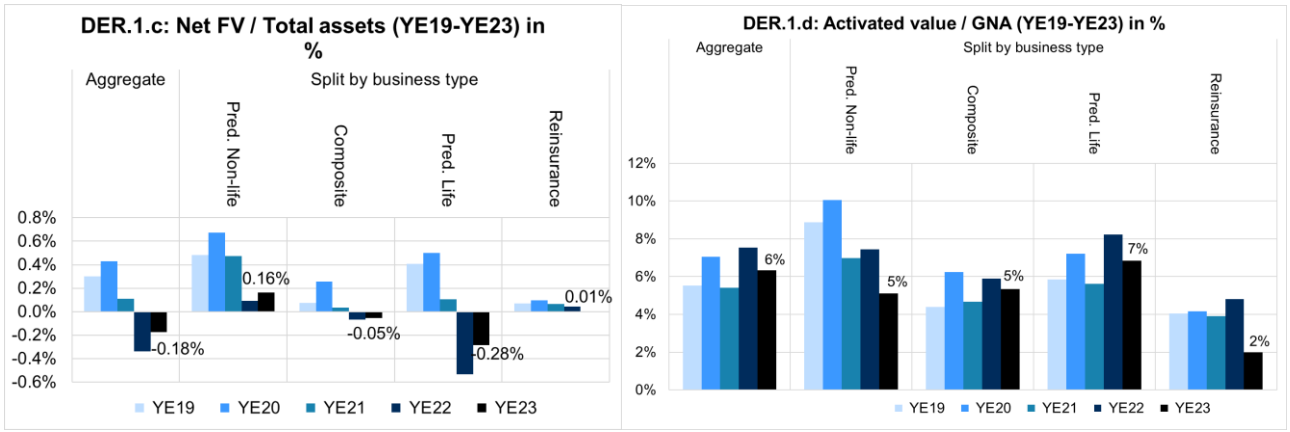
Figure 3



Source: IAIS, IIM 2024.

Figure 4 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data for metrics DER.1.c and DER.1.d.

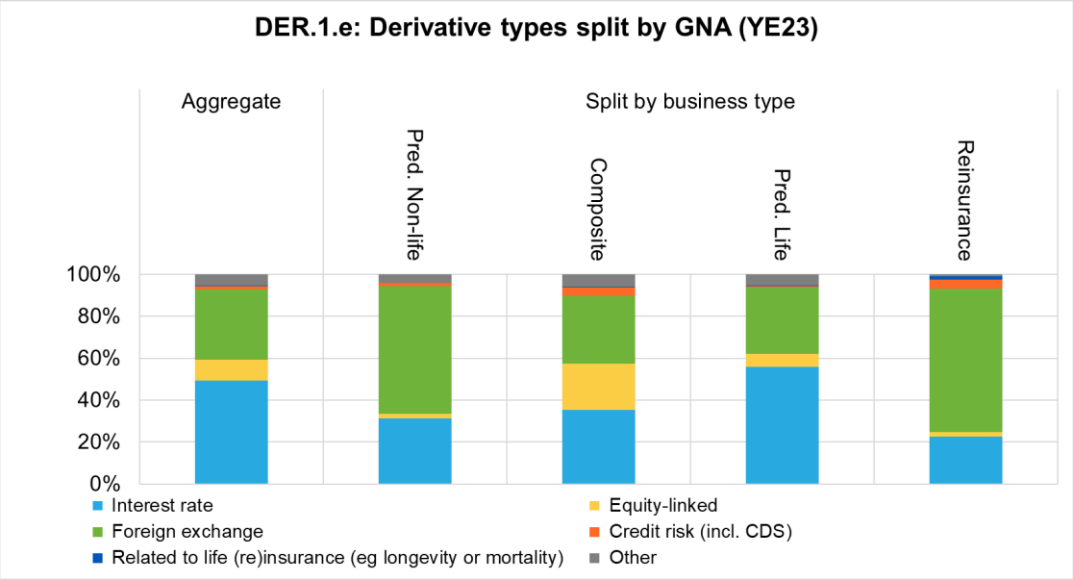
Figure 4



Source: IAIS, IIM 2024.

Figure 5 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data at year-end 2023 for metric DER.1.e.

Figure 5



Source: IAIS, IIM 2024.

3.3 Potential future exposure

Metric DER.2.a consists of the ratio of potential future exposure (PFE) divided by total assets. Such a metric is part of the assessment of interconnectedness and counterparty risk transmission channels to potential systemic risk.

3.3.1 Objective

PFE is a risk measure used in the context of derivatives to estimate the maximum expected credit exposure over a specified future time horizon at a given confidence level. It represents how much an insurer could potentially lose if a counterparty defaults in a crisis scenario, considering the possible fluctuations in the value of derivative contracts due to market movements.

The PFE provides the maximum monetary amount an insurer could be owed by a counterparty in the future. This provides a way to evaluate the scale of potential losses.

3.3.2 Proposed definition

The following definition refers to data item codes collected within the IIM template of the GME:

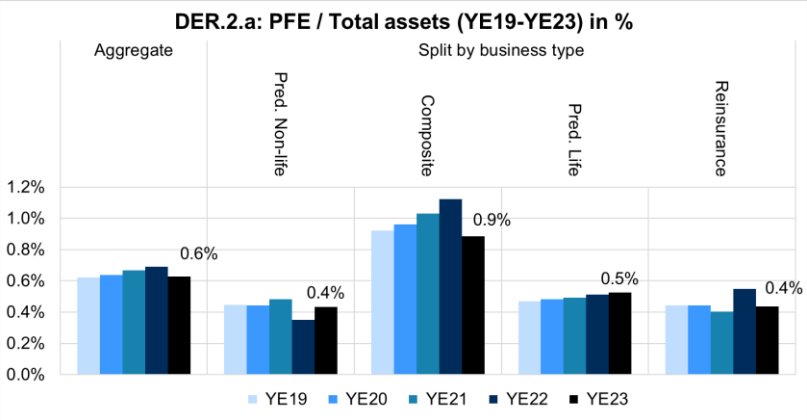
- **DER.2.a**: PFE / Total assets

$$DER.2.a = \frac{IIM.40.B}{IIM.9}$$

3.3.3 Results from the 2024 GME

Figure 6 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data for metric DER.2.a.

Figure 6



Source: IAIS, IIM 2024.

3.4 Materiality of OTC derivatives

The ratio of GNA of individual insurers' OTC derivatives divided by the sector-wide OTC GNA aggregate is the proposed metric to assess the materiality of OTC derivatives usage.

3.4.1 Objective

The GNA of derivatives owned by an insurer reflects the full scale of its market exposure. Divided by the insurance sector-wide GNA, this metric, though not a direct measure of risk, helps to measure the individual insurer's involvement in the insurance sector-wide derivatives market activity. Large gross notional values can indicate significant exposure to market volatility and counterparty risk, even if most derivatives are at the money and some positions are offset. Understanding this scale contributes to evaluating the insurer's systemic risk potential, particularly in stressed market conditions, where substantial exposures could threaten broader financial stability.

3.4.2 Proposed definition

The following definition refers to data item codes collected within the IIM and Sector-Wide Monitoring (SWM) templates of the GME:

- **DER.3.a**: GNA of insurer's OTC derivatives / SWM OTC GNA aggregate

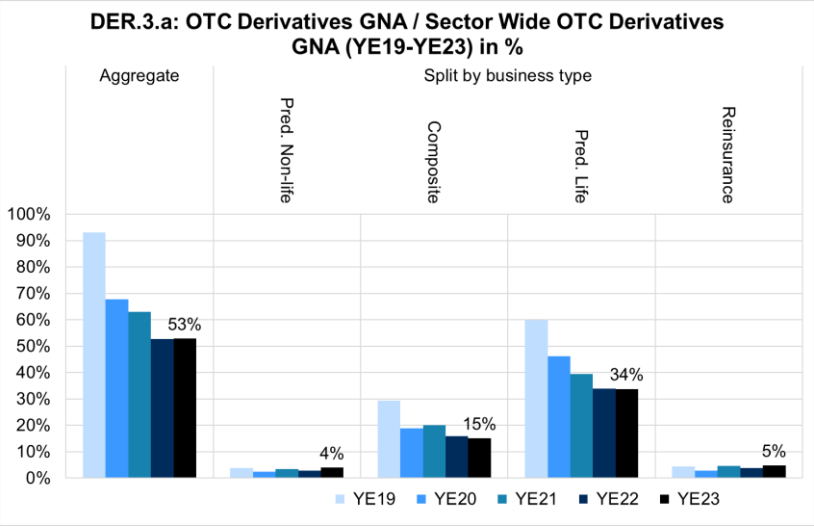
$$DER.3.a = \frac{IIM.40.A.1.a}{SWM.S41.G}$$

3.4.3 Results from the 2024 GME

Figure 7 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers[7], calculated from IIM and SWM data for metric DER.3.a.

[7] The aggregate total is comprised of the three main business types (predominantly non-life, composite, and predominantly life), while reinsurance is a separate category that spreads across the three main business types.

Figure 7



Source: IAIS, IIM and SWM 2024.

3.5 Margin and collateral calls

The following metrics are proposed to monitor margin and collateral calls:

- **DER.4.a**: Maximum 10-day variation margin call as a percentage of cash;
- **DER.4.b**: Maximum 10-day variation margin call as a percentage of ILR liquidity sources; and
- **DER.4.c**: Variability of margin calls (Maximum margin calls / Average margin calls).

3.5.1 Objective

Margin calls on derivatives can create liquidity risks for insurers. If markets move against their derivative positions, insurers may be required to post additional collateral quickly, potentially draining their liquid assets. Large or frequent margin calls can strain liquidity reserves, forcing asset sales at unfavourable prices or even triggering potential defaults should the insurer be unable to meet collateral demands. This liquidity squeeze can destabilise the insurer and, in extreme cases, contribute to broader market instability, particularly if multiple insurers face simultaneous margin calls during volatile periods.

3.5.2 Proposed definition

The following definitions refer to data item codes collected within the IIM template of the GME:

- **DER.4.a**: Maximum 10-day variation margin call as a percentage of cash

$$DER.4.a = \frac{IIM.39.11.2}{IIM.9.4}$$

- **DER.4.b**: Maximum 10-day variation margin call as a percentage of ILR liquidity sources

$$DER.4.b = \frac{IIM.39.11.2}{IIM.53.1}$$

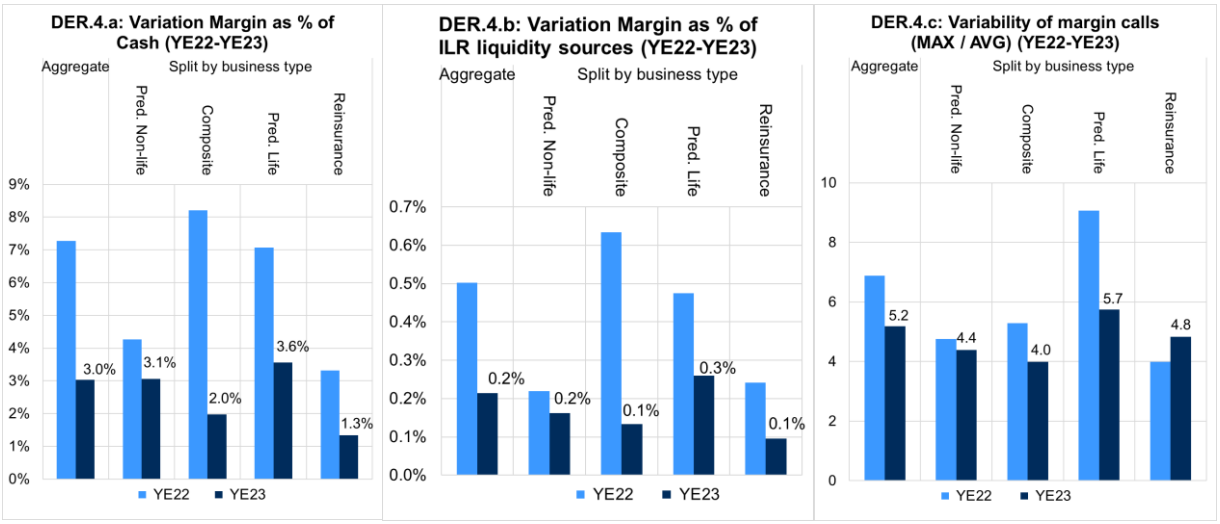
- **DER.4.c**: Variability of margin calls (Maximum margin calls / Average margin calls)

$$DER.4.c = \frac{IIM.39.11.2}{IIM.39.11.3}$$

3.5.3 Results from the 2024 GME

Figure 8 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data for metrics DER.4.a, DER.4.b and DER.4.c.

Figure 8



Source: IAIS, IIM 2024.

3.6 Central clearing

To monitor the significance of derivatives which are centrally cleared, the following metric is proposed:

- **DER.5.a**: Share of OTC derivatives that are centrally cleared.

3.6.1 Objective

Central clearing reduces risks for insurers by mitigating counterparty risk, improving transparency, and facilitating efficient collateral management through a central counterparty. It helps standardise contracts and reduce exposure through netting. Measuring the percentage of derivatives not centrally cleared is important because non-cleared derivatives carry higher liquidity and counterparty risk. Measuring this percentage enables an assessment of the overall exposure to potential defaults and its potential impact on financial stability.

3.6.2 Proposed definition

The following definition refers to data item codes collected within the IIM template of the GME:

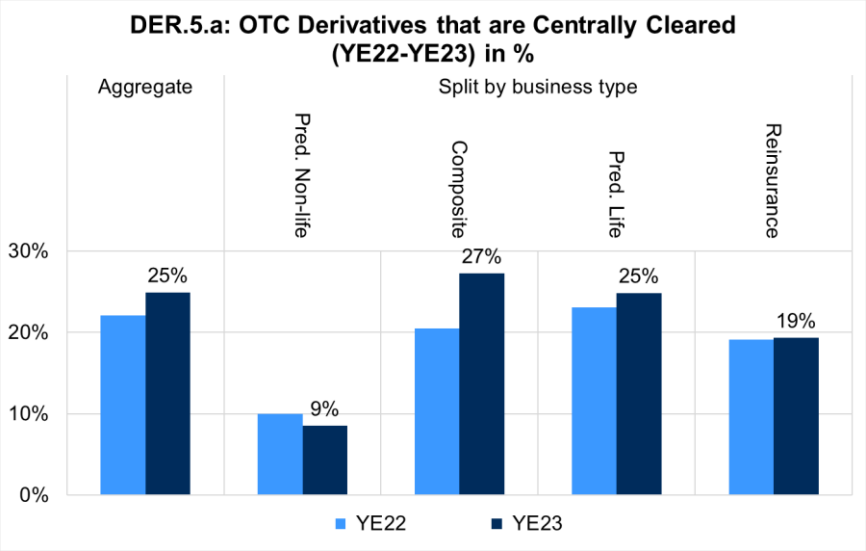
- **DER.5.a**: share of OTC derivatives that are centrally cleared

$$DER.5.a = \frac{IIM.40.A.1.a.CC}{IIM.40.A.1.a}$$

3.6.3 Results from the 2024 GME

Figure 9 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data for metric DER.5.a.

Figure 9



Source: IAIS, IIM 2024.

3.7 Hedging

To monitor the leverage transmission channel to potential systemic risk, it is proposed to monitor the share of derivatives used for hedging purposes.

3.7.1 Objective

From a financial stability perspective, derivatives held by insurers for non-hedging purposes (ie for leverage or speculation) pose significant risks. These positions can amplify losses in volatile market conditions, as the insurer is exposed to larger financial commitments than its initial investment. This leverage increases the risk of liquidity shortages, capital depletion and, potentially, default if the market moves unfavourably. Furthermore, large speculative positions can contribute to systemic risk, especially if multiple insurers are exposed to similar market conditions, potentially destabilising the broader financial system during times of stress.

3.7.2 Proposed definition

The following definition refers to data item codes collected within the IIM template of the GME:

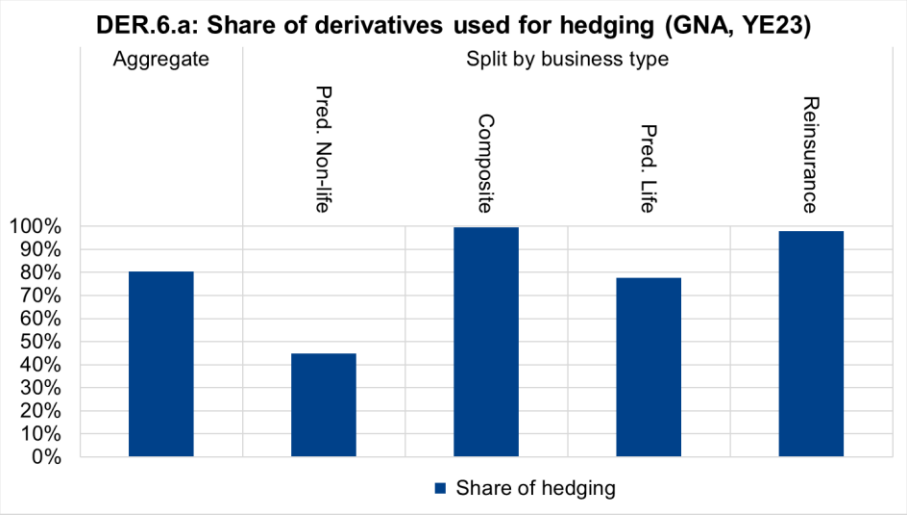
- **DER.6.a**: Share of derivatives used for hedging purposes (hedging defined according to insurers' own discretion)

$$DER.6.a = \frac{\sum_{i=1}^{6} IIM.75.i\,[GNA] \times IIM.75.i[\%\ used\ for\ hedging]}{\sum_{i=1}^{6} IIM.75.i\,[GNA]}$$

3.7.3 Results from the 2024 GME

Figure 10 shows the aggregate results, including a split of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, calculated from IIM data for metric DER.6.a.

Figure 10



Source: IAIS, IIM 2024.

3.8 Questions

Question 6: Do you have any views on the proposed definitions of the metrics on relative usage of derivatives (DER.1.a, DER.1.b, DER.1.c, DER.1.d and DER.1.e)? If you would recommend changes, please provide revised definitions and technical specifications.

Question 7: Do you have any views on the proposed definition of the metric on PFE of derivatives (DER.2.a)? If you would recommend changes, please provide a revised definition and technical specifications.

Question 8: Do you have any views on the proposed definition of the metric on materiality of OTC derivatives (DER.3.a)? If you would recommend changes, please provide a revised definition and technical specifications.

Question 9: Do you have any views on the proposed definitions of the metrics on margin and collateral calls (DER.4.a, DER.4.b and DER.4.c)? If you would recommend changes, please provide revised definitions and technical specifications.

Question 10: Do you have any views on the proposed definition of the metric on central clearing (DER.5.a)? If you would recommend changes, please provide a revised definition and technical specifications.

Question 11: Do you have any views on the proposed definition of the metric on hedging (DER.6.a)? If you would recommend changes, please provide a revised definition and technical specifications.

Question 12: Do you have any other comments on the proposed ancillary indicator on derivatives?

4 Ancillary indicator on reinsurance

4.1 Overview

Multiple metrics are proposed to comprehensively monitor the development of reinsurance in general and to address any potential upcoming macroprudential concern in a timely manner.

For several years, asset-intensive reinsurance[8] has been identified as an increasing trend in life insurance (see IAIS Global Insurance Market Reports). This approach has emerged as a way to optimise and consolidate risk and capital management. This type of reinsurance agreement, which has existed for decades, has been on the rise in recent years, although concentrated in a few jurisdictions on both the cedent and reinsurer side. Further information on this can also be found in publications by the IMF[9] and BIS[10]. Additionally, asset-intensive reinsurance will also be one of the topics of an upcoming IAIS Issues Paper.

An overview of the proposed ancillary indicator is summarised in Table 5.

Table 5: Ancillary indicator on reinsurance	Metric	Numerator	Denominator
Reliance on reinsurance	RE.1.a	Ceded life technical provisions	Life technical provisions
	RE.1.b	Ceded non-life premiums	Non-life gross written premiums
Cross-border life reinsurance	RE.2.a	Life technical provisions ceded cross-border	Total gross technical provisions
(Re)insurers' market share	RE.3.a	Assumed premiums	Sector-wide gross reinsurance premiums assumed (SWM)
	RE.3.b	Assumed premiums	Aggregate Insurer Pool[11] assumed premiums (IIM)

4.2 Reliance on reinsurance

A potential reduction of reinsurance capacity could put pressure on insurers that are highly dependent on the usage of external reinsurance. Those insurers are more sensitive to reinsurance pricing and might be affected by a potential default of a reinsurer.

[8] Asset-intensive reinsurance refers to reinsurance transactions through which both the investment and biometric risk associated with a block of insurance liabilities are transferred from a ceding primary insurer to a reinsurer. This type of reinsurance agreement typically targets long-term life liabilities, such as deferred annuities and universal life policies.

[9] See IMF, "Private equity and life insurers", *Global Financial Stability Notes*, No 2023/001, December 2023.

[10] See BIS, "Shifting landscapes: life insurance and financial stability", *BIS Quarterly Review*, September 2024, pp 21–34.

[11] The criteria defining the composition of the IIM Insurer Pool are outlined in Section 4.1.1 of the Global Monitoring Exercise Document (iaisweb.org).

4.2.1 Objective

To analyse whether a reduction of reinsurance capacity could negatively impact the financial situation of insurers in the insurance pool, it is proposed to include two metrics: one to measure the effect on life insurance and one for monitoring non-life insurance.

4.2.2 Proposed definition

The following definitions relates to data item codes collected through the IIM template of the GME:

- **RE.1.a**: Ceded life technical provisions / Life technical provisions

$$RE.1.a = \frac{IIM.68.1 - IIM.69.1}{IIM.68.1}$$

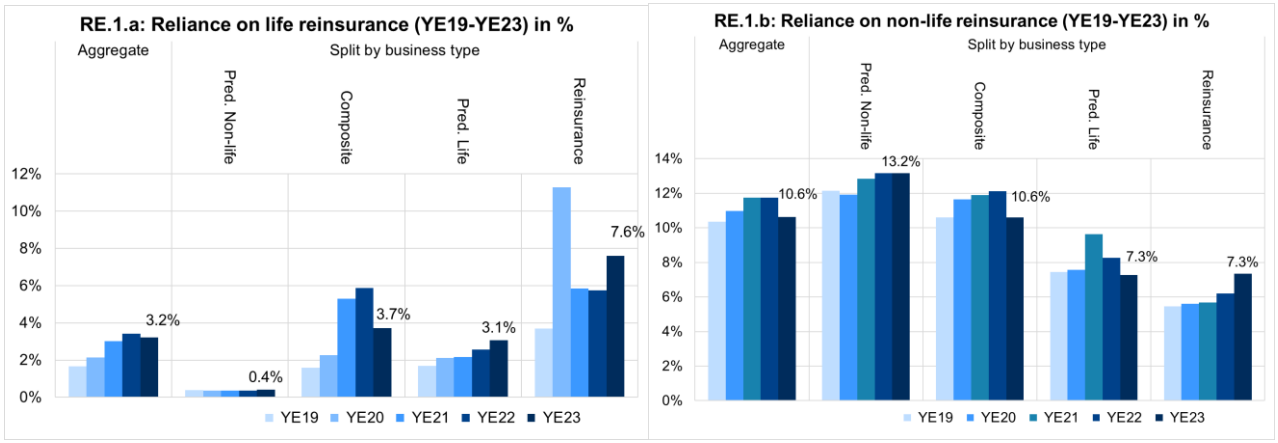
- **RE.1.b**: Ceded non-life premiums / Non-life gross written premiums

$$RE.1.b = \frac{IIM.66.2 - IIM.67.2}{IIM.66.2}$$

4.2.3 Results from the 2024 GME

Figure 11 shows the aggregate results, including a breakdown of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, as calculated from IIM data for metrics RE.1.a and RE.1.b.

Figure 11



Source: IAIS, IIM 2024.

4.3 Cross-border life reinsurance

To fulfil its goal of allowing global diversification of risks, reinsurance must operate cross-border to some extent. Cross-border activity provides cedents with a wide range of options to actively manage risks. On the other hand, transferring risks out of the home jurisdiction might increase the complexity of supervisors' efforts to monitor and assess them.

4.3.1 Objective

To monitor the relevance of cross-border reinsurance for life insurance business in the Insurer Pool, it is proposed to include a metric to measure the amount of life provisions transferred across border in relation to total gross technical provisions. Importantly, the objective of this metric is to capture the transfer of life provisions to both non-affiliate and affiliate entities. This includes, among others,

provisions ceded through modified coinsurance (ModCo) and coinsurance contracts, as well as coinsurance with funds withheld.

4.3.2 Proposed definition

The following definition relates to data item codes collected through the IIM template of the GME:

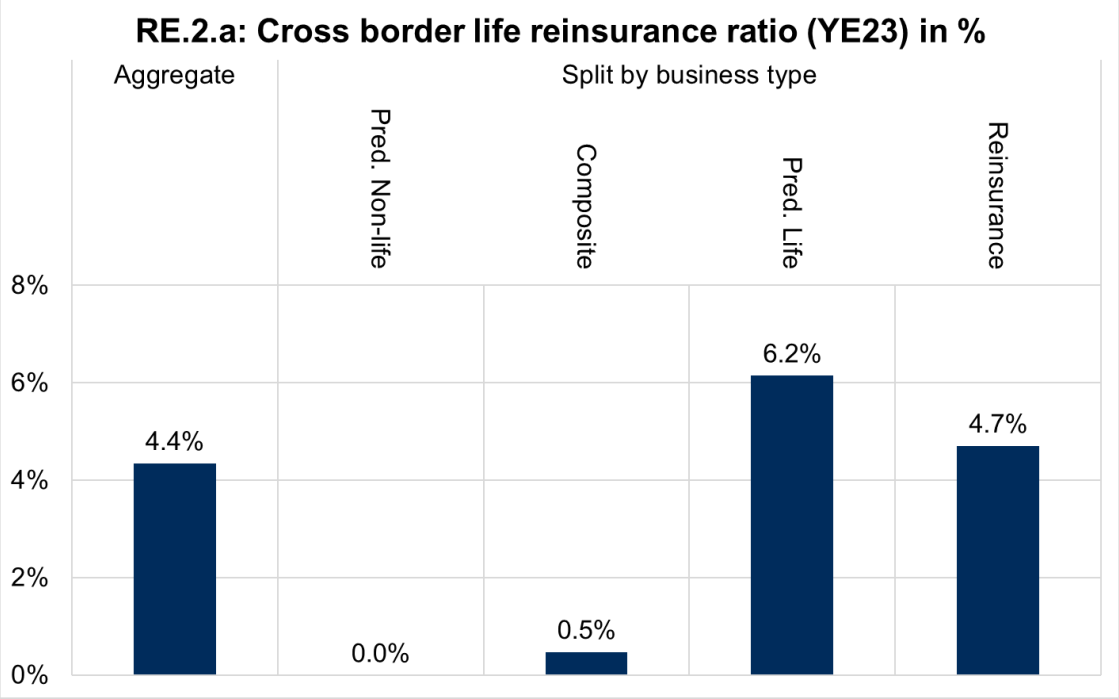
- **RE.2.a**: Life technical provisions ceded cross-border (to non-affiliate and affiliate entities) / Total gross technical provisions

$$RE.2.a = \frac{IIM.85.3 + IIM.86.3}{IIM.68.1}$$

4.3.3 Results from GME 2024

Figure 12 shows the aggregate results, including a breakdown of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, as calculated from IIM data for metric RE.2.a.

Figure 12



Source: IAIS, IIM 2024.

4.4 (Re)insurers' market share

A further macroprudential concern could lie in a high concentration of reinsurance business in a single (re)insurer. Publicly available information provides data on written premiums of the largest (re)insurers. In addition, the IAIS collects information from supervisors of member jurisdictions that can be used to estimate the market share of the (re)insurers in the Insurer Pool.

4.4.1 Objective

Due to interconnectedness and provision of critical services, the failure or pullback of a key (re)insurer may lead to losses and adverse effects for other market participants.

In order to monitor whether any concentration develops in the global reinsurance market, it is proposed to calculate a ratio of the total assumed premiums by individual insurers divided by the total assumed premiums collected through the reinsurance component of the SWM. It is important to note that the figures reported in the SWM represent a summation of jurisdictional data and may include double counting due to retrocessions. On the other hand, data reported to the IAIS through the SWM might not capture the entirety of the reinsurance market for some jurisdictions.

Additionally, to monitor whether any concentration develops within the IIM Insurer Pool, it is proposed to calculate the share of assumed premiums by individual insurers within the IIM Insurer Pool.

4.4.2 Proposed definition

The following definitions relates to data item codes collected through the IIM and SWM templates of the GME:

- **RE.3.a**: Assumed premiums (IIM) / Gross reinsurance premiums assumed (SWM)

$$RE.3.a = \frac{IIM.66.A}{SWM.R13}$$

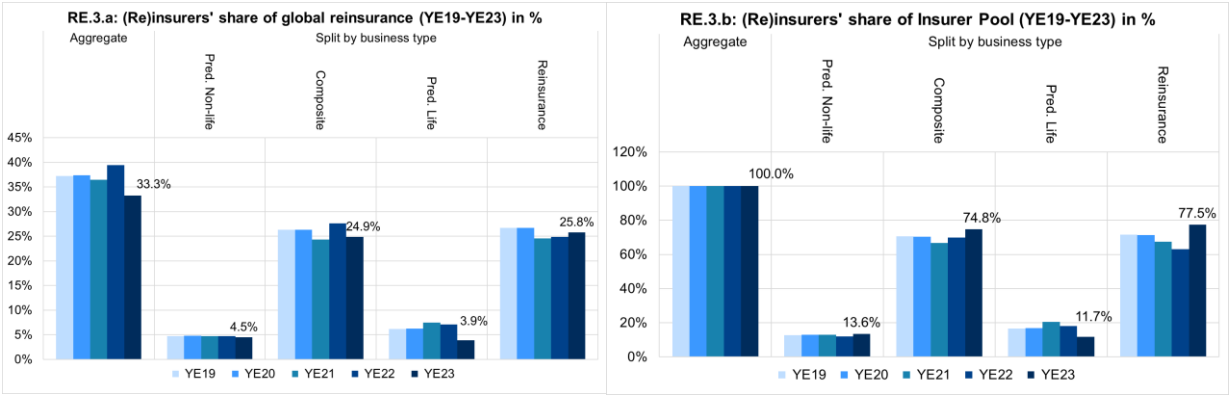
- **RE.3.b**: Assumed premiums / Aggregate Insurer Pool assumed premiums

$$RE.3.b = \frac{IIM.66.A}{\sum_i IIM.66.A_i}$$

4.4.3 Results from the 2024 GME

Figure 13 shows the aggregate results, including a breakdown of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers[12], as calculated from IIM and SWM data for metrics RE.3.a and RE.3.b. While the results are presented at aggregate level to preserve the confidentiality of individual insurer information, these metrics are envisaged to analyse market shares of individual (re)insurers.

Figure 13



Source: IAIS IIM and SWM 2024

[12] The aggregate total is comprised of the three main business types (predominantly non-life, composite, and predominantly life), while reinsurance is a separate category that spreads across the three main business types.

4.5 Questions

Question 13: Do you have any views on the proposed definitions of the metrics on reliance on reinsurance (RE.1.a and RE.1.b)? If you would recommend changes, please provide revised definitions and technical specifications.

Question 14: Do you have any views on the proposed definition of the metric on cross-border life reinsurance (RE.2.a)? If you would recommend changes, please provide a revised definition and technical specifications.

Question 15: Do you have any views on the proposed definition of the metrics on (re)insurers' market share (RE.3.a and RE.3.b)? If you would recommend changes, please provide revised definitions and technical specifications.

Question 16: Do you have any additional suggestions for metrics to capture the potential build-up of any systemic risk in the reinsurance sector?

Question 17: Do you have any other comments on the ancillary indicator on reinsurance?

5 Ancillary indicator on mark-to-model assets

5.1 Overview

Valuation uncertainty is one of the potential risks associated with non-traded, illiquid assets. A system wide stress and/or undervaluation of assets could have an impact on the solvency and liquidity of insurers and the broader financial system.

The current methodology for assessing the systemic footprint of individual insurers uses the Level 3 assets indicator as part of the asset liquidation category. The Level 3 assets indicator collects the amount of Level 3 assets held at fair value by insurers. Differences in accounting treatments among insurers and changes in accounting standards may lead to reclassification of assets from amortised cost to fair value, potentially adding unwarranted variability within the Level 3 assets indicator. The proposed adjusted mark-to-model assets indicator aims to measure the overall share of mark-to-model assets (including mortgages) held by insurers, independently from the accounting classification at fair value or amortised cost.

An overview of the proposed ancillary indicator is summarised in Table 6.

Table 6: Ancillary indicator on mark-to-model assets	Metric	Numerator	Denominator
Adjusted mark-to-model assets indicator	MTM.1.a	Adjusted mark-to-model assets	Total assets
	MTM.1.b	Adjusted mark-to-model assets	Total investments
	MTM.1.c	Adjusted mark-to-model assets	Aggregate Insurer Pool adjusted mark-to-model assets

5.2 Adjusted mark-to-model assets indicator

5.2.1 Objective

The proposed ancillary indicator aims to capture the total amount of mark-to-model assets of insurers, regardless of accounting treatment. Furthermore, this ancillary indicator aims to take a "substance over form" approach to mortgages to enhance consistency across insurers in the Insurer Pool. To capture this, it is proposed to monitor the evolution of "adjusted mark-to-model assets", defined as the sum of:

- Level 3 assets (within the fair value hierarchy);
- Level 3 assets: any other holding of physical real estate not included in the above;
- Assets held at cost which would be Level 3 if held at fair value; and
- Residential and commercial mortgages not included in the above (eg if held as Level 2 assets).

The IAIS aims to capture different aspects using the proposed denominators in MTM.1.a (total assets) and MTM.1.b (total investments):

- The amount of total assets is a readily available and easily verifiable figure. The ratio derived from this will offer insight into the proportion of an insurer's total assets that are difficult to value or have valuation uncertainty in a straightforward and understandable manner.
- "Total investments" estimates the assets an insurer invests to meet policyholder liabilities. This ratio will provide further insight into the proportion of assets an insurer allocates to those that are difficult to value or have valuation uncertainty. By excluding assets such as intangibles and tax assets, this metric offers additional details regarding the insurer's investment allocation choices.

5.2.2 Proposed definition

The following definitions relate to data item codes collected through the IIM template of the GME, except for the "any additional mortgages" item, which is not yet collected through the GME:

- **MTM.1.a**: Adjusted mark-to-model assets / Total assets

$$MTM.1.a = \frac{IIM.30.3 + IIM.30.4 + IIM.30.5.1 + any\ additional\ mortgages}{IIM.9}$$

- **MTM.1.b**: Adjusted mark-to-model assets / Total investments

$$MTM.1.b = \frac{IIM.30.3 + IIM.30.4 + IIM.30.5.1 + any\ additional\ mortgages}{IIM.65}$$

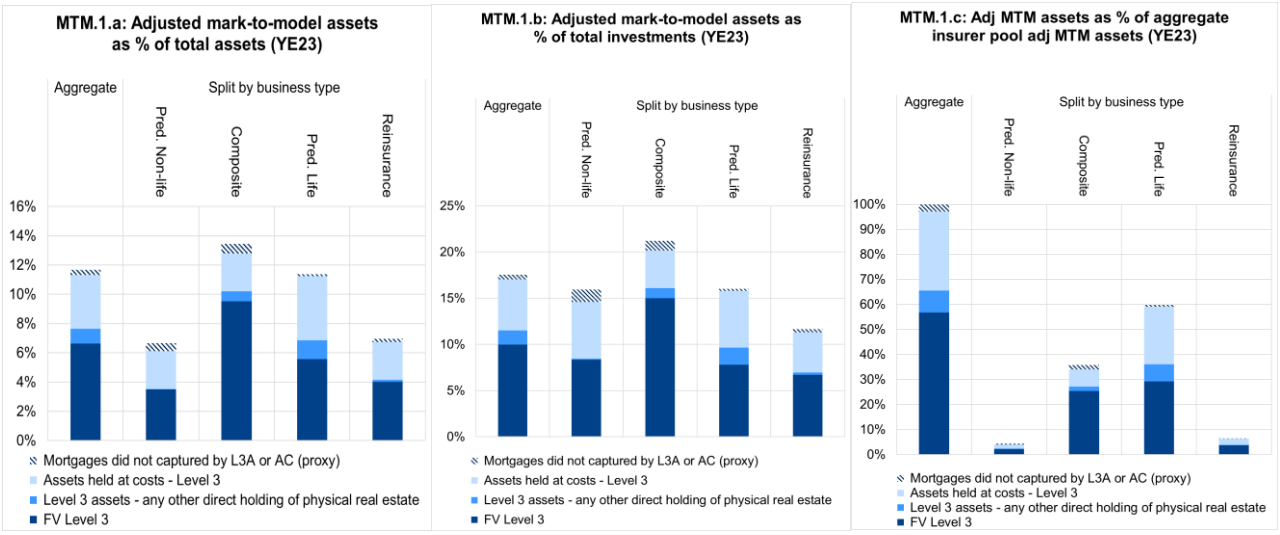
- **MTM.1.c**: Adjusted mark-to-model assets / Aggregate adjusted mark-to-model assets for the Insurer Pool

$$MTM.1.c = \frac{IIM.30.3 + IIM.30.4 + IIM.30.5.1 + any\ additional\ mortgages}{\sum_i (IIM.30.3_i + IIM.30.4_i + IIM.30.5.1_i + any\ additional\ mortgages_i)}$$

5.2.3 Results from the 2024 GME

Figure 14 shows the aggregate results, including a breakdown of insurers by their business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers, as calculated from IIM data for metrics MTM.1.a, MTM.1.b and MTM.1.c.

Figure 14



Source: IAIS, IIM 2024.

5.3 Questions

Question 18: Do you have any views on the proposed definitions of the metrics on mark-to-model assets (MTM.1.a, MTM.1.b and MTM.1.c)? If you would recommend changes, please provide revised definitions and technical specifications.

Question 19: Would it be feasible to report data on the new proposed item on mortgages that are not included in Level 3 assets held at fair value or in assets which would be classified as Level 3 if they were held at fair value (eg mortgages held as Level 2 assets)? If not, please describe any challenges and how to potentially overcome these.

Question 20: Do you have any other comments on the proposed ancillary indicator on mark-to-model assets?

6 Amendments to the liquidity metrics

6.1 Overview

In 2022, the IAIS introduced a set of liquidity metrics as an ancillary indicator for its GME to monitor liquidity risk as part of its assessment of systemic risk within the Holistic Framework.[13] One of these liquidity metrics is the Insurance Liquidity Ratio (ILR), defined as the ratio of available liquidity sources over liquidity needs of insurers.

This section explains the implicit correlations embedded in the definition of liquidity needs within the ILR and discusses the possibility of adjusting these correlations while maintaining a prudent approach.

[13] See "IAIS finalises liquidity metrics as an ancillary indicator for its Global Monitoring Exercise", press release, 18 November 2022.

6.2 ILR stress scenario correlation

Comments from the prior public consultation highlighted the importance of addressing the differing liquidity profiles across insurance sectors. This section explores potential enhancements to segregate the liquidity needs arising from different business lines within an insurance group.

Currently, the ILR is calculated by taking aggregated liquidity sources, applying a haircut, and dividing by the aggregate liquidity needs. This method implicitly assumes that all liquidity stresses occur simultaneously, which may not always reflect the reality for composite insurers who face liquidity needs from both life and P&C-related stresses. For example, the ILR assumes that a Catastrophe (Cat) event impacting a non-life insurer occurs simultaneously with a surrender event impacting a life insurer within the same group.

Table 7 presents a summary of the stress scenario part of the calculation of liquidity needs for the ILR.

Table 7: Liquidity stress categories	Component	Description
Life stress	Surrender values - institutional	Surrenders from institutional clients
	Surrender values - retail	Surrenders from retail clients
	Unearned premiums	Unearned premiums from business and retail policyholders
P&C stress	Cat risk	Payments arising from catastrophe risk related losses
	Claims and expenses	Non-life claims payments and incurred expenses
	Reserving	Liquidity needs from potential under reserving
	Recoveries	Liquidity needs from unrecovered reinsurance payments
Repos & securities lending	Repos	Repurchase transaction liabilities
	Securities Lending	Securities lending liabilities
Funding	Funding	Short term borrowing and contingent liabilities
	Bank deposits	Retail and institutional bank deposits
	Credit downgrades	Additional payments due as the result of credit downgrade
Derivative	Derivatives	Derivatives margin payments
Operational Risk	Operational and cyber risk	Operational and cyber risk liquidity needs

6.2.1 Objective

To address concerns regarding distinct liquidity needs across business models, this section explores adjustments to the ILR to account for the level of correlation between stress scenarios. The proposed correlation adjustment methodology is described below.

6.2.2 Correlation adjustment

To adjust the ILR for the level of correlation between the stress scenarios, first a correlation matrix between the six stress scenarios considered in the definition of ILR liquidity needs is created (see Table 8).

Table 8: Stress scenario correlation matrix	Life stress	P&C stress	Repos/securities lending	Funding	Derivative	Operational risk
Life stress	100%	$\rho_{P,L}$	$\rho_{R,L}$	$\rho_{F,L}$	$\rho_{D,L}$	$\rho_{O,L}$
P&C stress	$\rho_{P,L}$	100%	$\rho_{R,P}$	$\rho_{F,P}$	$\rho_{D,P}$	$\rho_{O,P}$
Repos / securities lending	$\rho_{R,L}$	$\rho_{R,P}$	100%	$\rho_{F,R}$	$\rho_{D,R}$	$\rho_{O,R}$
Funding	$\rho_{F,L}$	$\rho_{F,P}$	$\rho_{F,R}$	100%	$\rho_{D,F}$	$\rho_{O,F}$
Derivative	$\rho_{D,L}$	$\rho_{D,P}$	$\rho_{D,R}$	$\rho_{D,F}$	100%	$\rho_{O,D}$
Operational risk	$\rho_{O,L}$	$\rho_{O,P}$	$\rho_{O,R}$	$\rho_{O,F}$	$\rho_{O,D}$	100%

Note that the current definition of ILR liquidity needs implies all correlation factors in Table 8 are 100%, as the total liquidity needs are calculated from taking a simple sum of the liquidity needs of the six stress components.

In the new proposal, a correlation matrix is multiplied by the individual insurers' shares of total liquidity needs from each type of stress. The result of this multiplication gives a scalar, defined as the "adjustment factor" (AF). Finally, to obtain the adjusted ILR, the adjustment factor is multiplied by the individual insurers' liquidity needs. The adjustment factor is, by definition, smaller than 100% as soon as one correlation in the matrix is set to a value below 100%. Therefore, the illustrated adjustment would only cause an increase in the ILR. In formulas:

$$ILR_{adj} = \frac{Liquidity\ Sources}{Liquidity\ Needs * AF} = \frac{ILR}{AF}$$

The adjustment factor AF is the result of the transformation illustrated below, where n is a vector containing the shares of liquidity needs per type of stress, CM is the correlation matrix as defined in Table 8, and n^T is the transpose of vector n:

$$AF = \sqrt{(n \cdot CM) \cdot n^T}$$

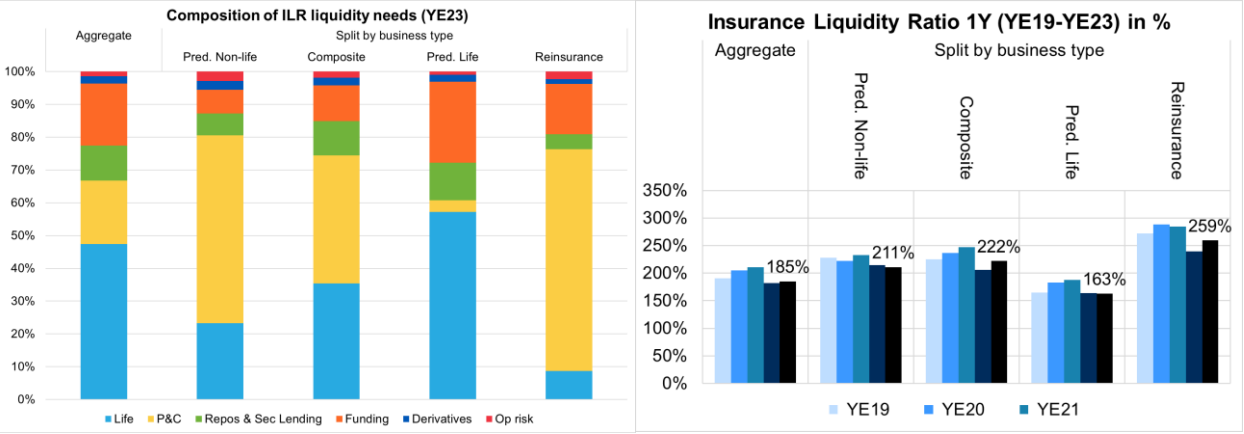
Under the current definition of the ILR (all correlation factors implicitly set to 100%), this transformation results in an adjustment factor of 100%, thereby maintaining the current value of the ILR.

An illustrative example including detailed calculations of the adjustment factor and resulting adjusted ILR is outlined in Annex 1.

6.2.3 Results from the 2024 GME

Figure 15 illustrates the current ILR and compares the composition of liquidity needs of the aggregate IIM Insurer Pool and a breakdown of insurers by business type (predominantly non-life, composite, and predominantly life), as well as a separate category for reinsurers. This information could serve as a starting point for estimating the impact of potential amendments to the correlation factors between the six types of stress scenarios.

Figure 15



Source: IAIS, IIM 2024.

6.3 Questions

Question 21: Do you have any views on the proposed methodology for the correlation adjustment for the ILR? If you propose any changes, please provide the revised methodology and technical specifications.

Question 22: Do you have any views on amending the correlation factor for ILR liquidity needs between life stress and P&C stress? Please provide evidence to support your proposals.

Question 23: Do you have any views on amending any other correlation factors for ILR liquidity needs? If so, which correlation factor(s) do you suggest changing, and why? Please provide evidence to support your proposals.

Question 24: Do you have any other comments on the correlation adjustment for the ILR?

7 Conclusion

7.1 Next steps

This document presented an additional set of proposed ancillary indicators to enhance the toolkit for monitoring the build-up of systemic risk in the global insurance sector, with a focus on credit risk, derivatives, reinsurance, mark-to-model assets and liquidity risk.

A stakeholder session on this public consultation will take place on 11 December 2024.

Feedback on this document is invited by Monday 3 February 2025 24:00 CET.

Input received through this consultation will be considered during the upcoming regular review of the GME assessment methodology, planned for 2025. The outcome of the review, including the decision on the inclusion of new ancillary indicators, will be reflected in the updated GME documentation, which will be published in 2025.

7.2 Questions

Question 25: Do you have any other feedback on the development of ancillary risk indicators in the GME?

Annex 1: Illustrative example of the ILR adjustment

This annex provides an illustrative example of the correlation adjustment for the ILR outlined in Section 6.

The following abbreviations are used for the six stress categories requiring liquidity needs:

$$L = Life;\ P = P\&C;\ R = Repos;\ F = Funding;\ D = Derivatives;\ O = Operational\ risk$$

As an illustrative example, assume that the correlation factor $\rho_{P,L}$ between life stress and P&C stress is decreased from 100% to 50%, while all the other correlation factors remain at 100%. This would result in the following correlation matrix:

$$CM = \begin{bmatrix} 100\% & \boldsymbol{\rho_{P,L}} & \rho_{R,L} & \rho_{F,L} & \rho_{D,L} & \rho_{O,L} \\ \boldsymbol{\rho_{P,L}} & 100\% & \rho_{R,P} & \rho_{F,P} & \rho_{D,P} & \rho_{O,P} \\ \rho_{R,L} & \rho_{R,P} & 100\% & \rho_{F,R} & \rho_{D,R} & \rho_{O,R} \\ \rho_{F,L} & \rho_{F,P} & \rho_{F,R} & 100\% & \rho_{D,F} & \rho_{O,F} \\ \rho_{D,L} & \rho_{D,P} & \rho_{D,R} & \rho_{D,F} & 100\% & \rho_{O,D} \\ \rho_{O,L} & \rho_{O,P} & \rho_{O,R} & \rho_{O,F} & \rho_{O,D} & 100\% \end{bmatrix} = \begin{bmatrix} 100\% & \mathbf{50}\% & 100\% & 100\% & 100\% & 100\% \\ \mathbf{50}\% & 100\% & 100\% & 100\% & 100\% & 100\% \\ 100\% & 100\% & 100\% & 100\% & 100\% & 100\% \\ 100\% & 100\% & 100\% & 100\% & 100\% & 100\% \\ 100\% & 100\% & 100\% & 100\% & 100\% & 100\% \\ 100\% & 100\% & 100\% & 100\% & 100\% & 100\% \end{bmatrix}$$

Assume also that an insurer has the following shares of liquidity needs for the six stress scenarios considered:

$$n = [\alpha_L\ \alpha_P\ \alpha_R\ \alpha_F\ \alpha_D\ \alpha_O] = [40\%\ 30\%\ 10\%\ 10\%\ 5\%\ 5\%]$$

The resulting adjustment factor would be:

$$AF = \sqrt{(n \cdot CM) \cdot n^T} = \sqrt{[85\%\ 80\%\ 100\%\ 100\%\ 100\%\ 100\%] \cdot [40\%\ 30\%\ 10\%\ 10\%\ 5\%\ 5\%]^T}$$
$$= \sqrt{88\%} = 94\%$$

Assuming an initial ILR of 100%, the adjusted ILR would be:

$$ILR_{adj} = \frac{ILR}{AF} = \frac{100\%}{94\%} = 107\%$$

Note that the same adjustment to the correlation factor $\rho_{P,L}$ applied to an insurer with no liquidity needs from either the life business or the P&C business would keep the ILR unchanged. In other words, composite insurers with an evenly distributed mix of liquidity needs would benefit the most from the proposed adjustment. The calculations below illustrate the case of an insurer with no liquidity needs from the life business:

$$n' = [\alpha_L{}'\ \alpha_P{}'\ \alpha_R\ \alpha_F\ \alpha_D\ \alpha_O] = [\mathbf{0}\%\ \mathbf{70}\%\ 10\%\ 10\%\ 5\%\ 5\%]$$

$$AF' = \sqrt{(n' \cdot CM) \cdot n'^T} = \sqrt{[65\%\ 100\%\ 100\%\ 100\%\ 100\%\ 100\%] \cdot [0\%\ 70\%\ 10\%\ 10\%\ 5\%\ 5\%]^T}$$
$$= \sqrt{100\%} = 100\%$$

$$ILR_{adj} = \frac{ILR}{AF'} = \frac{100\%}{100\%} = 100\%$$

Annex 2: Excerpts from the IIM and SWM 2024 data templates and technical specifications

A.2.1 IIM 2024 data template

2.2 Assets and Liabilities	
	Assets
	a. Total assets
9	Total assets
9.S	Separate account or unit-linked assets
	c. Cash and cash equivalents
9.4	Cash and cash equivalents
9.4.a	Cash
	Liabilities
	a. Total liabilities
10.1	Total liabilities (on balance sheet)
10.2	Policyholder liabilities (both primary insurance and reinsurance)
10.2.S	Separate account or unit-linked policyholder liabilities

2.8 Classes of Financial Assets	
	Level 1, 2 and 3 assets (FV hierarchy)
30.1	Total level 1 financial assets
30.2	Total level 2 financial assets
30.3	Total level 3 financial assets
30.3.1	of which are loans (excluding mortgages)
30.3.2	of which are mortgages
30.3.3	of which are equity and debt securities
30.3.4	of which are holdings of real estate as financial investments
30.4	Level 3 assets - any direct holding of physical real estate that were excluded from the row 30.3
	Assets held at historical or amortised costs
30.5	All assets held at historical or amortised costs
30.5.1	of which would be considered a level 3 valuation if they were reported at FV
30.5.2	of which are loans (can be included also in the 30.5.1, excluding mortgages)
30.5.3	of which are mortgages (can be included also in the 30.5.1)
30.5.4	of which is structured credit and all forms of securitisations (can be included also in the 30.5.1)
30.5.5	of which are others (can be included also in the 30.5.1, automatically calculated field)
	Assets originated by related parties
30.6	Assets originated by related parties

2.12 Derivatives

	Gross Fair Value of Derivatives Assets and Liabilities
39.1	Gross amount of recognised derivative assets
39.2	Gross amount of recognised derivative liabilities
39.3	Net amount of recognised derivative assets
39.3.a	of which are traded over-the-counter
39.3.a.1	of which are over–the-counter derivatives with a financial institution
39.4	Net amount of recognised derivative liabilities
39.4.a	of which are traded over-the-counter
39.4.a.1	of which are over–the-counter derivatives with a financial institution
39.5	ILR Gross Derivative Liabilities
39.6	ILR Eligible Cash Variation Margin
39.6.ALL	ILR Eligible Variation Margin
39.9	Initial Margin
39.10	ILR Gross Derivative Assets
39.11.1	Dollar value of additional posted variation margin in response to 100 bps increase/decrease in reference rate
39.11.2	Maximum 10-day cash outflows related to margin and collateral calls during the reporting year
39.11.3	Average 10-day cash outflows related to margin and collateral calls during the reporting year
	Gross notional amount of derivatives
40.A.1	Gross notional amount of derivatives contracts
40.A.1.1	of which are derivatives contracts with currently negative market/fair value
40.A.1.a	of which are traded over-the-counter derivatives contracts
40.A.1.a.CC	of which are over-the-counter derivatives contracts that are centrally cleared
40.A.H	Gross notional amount of derivatives used to hedge guarantees on variable insurance products
	Potential future exposure
40.B	Potential future exposure (automatically calculated)
40.B.1	Potential future exposure for all derivatives with a net positive fair value
40.B.1.a	Potential future exposure for all over-the-counter derivatives with a net positive fair value
40.B.1.a.1	Potential future exposure for all over-the-counter derivatives conducted with a financial counterparty that have a net positive fair value.
40.B.2	Potential future exposure for all derivatives with a net negative fair value
40.B.2.a	Potential future exposure for all over-the-counter derivatives with a net negative fair value
40.B.2.a.1	Potential future exposure for all over-the-counter derivatives conducted with a financial counterparty that have a net negative fair value.

Global Monitoring Exercise - Interplays with Sector-wide Monitoring	
	Global Monitoring Exercise - Asset Allocation
65	Total investments, excl. separate accounts

65.CRE	Commercial real estate (CRE) exposures, including indirect (eg loans, equities) and direct real estate holdings (these exposures should be reported in parallel under relevant 65.x rows)
65.UGL	Unrealised gains and losses from all investments, excl. separate accounts
65.E	Equities, excl. separate accounts
65.E.F	of which are equities from financial institutions (eg. banks, insurers and investment funds)
65.E.U	of which unlisted equities
65.E.IF	of which are all types of investment funds (eg. mutual funds, MMFs, ETFs or hedge funds)
65.1	Sovereign bonds, excl. separate accounts
65.1.1	of which are Credit Rating Step <4 (above investment grade)
65.1.2	of which are Credit Rating Step 4 (investment grade)
65.1.3	of which are Credit Rating Step >4 (below investment grade)
65.1.4	of which are Unrated
65.2	Corporate bonds, excl. separate accounts
65.2.F	of which are corp.bonds from financial institutions (eg. banks, insurers and investment funds)
65.2.1	of which are Credit Rating Step <4 (above investment grade)
65.2.2	of which are Credit Rating Step 4 (investment grade)
65.2.3	of which are Credit Rating Step >4 (below investment grade)
65.2.4	of which are Unrated
65.Z	Securitizations (including CLOs), excl. separate accounts
65.Z.M	of which are backed by mortgages or loans collateralised by real estate collateral
65.Z.F	of which are securitizations from financial institutions (eg. banks, insurers and investment funds)
65.Z.1	of which are Credit Rating Step <4 (above investment grade)
65.Z.2	of which are Credit Rating Step 4 (investment grade)
65.Z.3	of which are Credit Rating Step >4 (below investment grade)
65.Z.4	of which are Unrated
65.3	Loans and Mortgage loans, excl. separate accounts
65.3.M	of which are mortgages or loans backed by real estate collateral
65.3.F	of which are loans granted to financial institutions (eg. banks, insurers and investment funds)
65.3.1	of which are Credit Rating Step <4 (above investment grade)
65.3.2	of which are Credit Rating Step 4 (investment grade)
65.3.3	of which are Credit Rating Step >4 (below investment grade)
65.3.4	of which are Unrated
65.4	Real estate, excl. separate accounts
65.5	Reinsurance recoverables
65.6	Reinsurance assets (including ModCo, coinsurance, funds withheld) excl. separate accounts
65.6.1	of which are equties
65.6.2	of which are corporate debt securities
65.6.3	of which are sovereign bonds
65.6.4	of which are loans and mortgages
65.6.5	of which are securitizations (including CLOs)
65.6.6	of which are other reinsurance assets (automatically calculated field)
65.7	Deferred acquisition costs
65.8	Intangibles and goodwill
65.10	Infrastructure investing
65.OA	Other assets, excl. separate accounts (automatically calculated) - provide explanation if material

	Global Monitoring Exercise - Written Premium and Technical Provisions
66	Total gross written premiums, excluding separate accounts

66.1	of which is life business
66.2	of which is non-life or health business
66.S	Gross written premiums for separate accounts (automatically calculated)
66.A	Assumed premiums, excluding separate accounts (a subpart of Total gross written premium)
66.A.1	of which is life business
66.A.2	of which is non-life or health business
66.C	Ceded/retroceded premiums, excluding separate accounts (a subpart of Total gross written premium)
66.C.1	of which is life business
66.C.2	of which is non-life or health business
67	Total net written premiums, excluding separate accounts
67.1	of which is life business
67.2	of which is non-life or health business
68	Total gross technical provisions, excluding separate accounts
68.1	of which is life business
68.2	of which is non-life or health business
68.S	Gross technical provisions for separate accounts
69	Total net technical provisions, excluding separate accounts
69.1	of which is life business
69.1.1	of which are long-term liabilities (with maturity longer than 5 years)
69.1.2	of which are mid-term liabilities (with maturity between 1-5 years)
69.1.3	of which are short-term liabilities (with maturity shorter than 1 year)
69.2	of which is non-life or health business
69.2.1	of which are long-term liabilities (with maturity longer than 5 years)
69.2.2	of which are mid-term liabilities (with maturity between 1-5 years)
69.2.3	of which are short-term liabilities (with maturity shorter than 1 year)
69.S	Net technical provisions for separate accounts

Global Monitoring Exercise - Monitoring of derivatives

75	Split of derivative transactions	Gross notional amounts (GNA)	% of GNA which is centrally cleared	% of GNA used for hedging (not only hedging accounting is considered, but any form of hedging, e.g. dynamic hedging)
75.1	Interest rate derivatives			
75.2	Equity-linked derivatives			
75.3	Foreign exchange derivatives			
75.4	Credit risk derivatives (including CDS)			
75.5	Derivatives related to life (re)insurance (e.g. to longevity or mortality)			
75.6	Other derivatives			

Global Monitoring Exercise - Reinsurance		
85	Life technical provisions ceded to non-affiliates	
85.1		Total Technical Provisions ceded to non-affiliates
85.2		of which are Total Technical Provisions ceded due to ModCo and coinsurance
85.3		of which are Total Technical Provisions ceded to cross-border non-affiliates
86	Life technical provisions ceded to affiliates	
86.1		Total Technical Provisions ceded to affiliates
86.2		of which are Total Technical Provisions ceded due to ModCo and coinsurance (affiliates only)
86.3		of which are Total Technical Provisions ceded to cross-border affiliates

A.2.2 IIM 2024 technical specifications

Include assets and liabilities related to segregated accounts (also referred to as separate accounts) or unit-linked policies in the figures for all data rows, unless otherwise specified.
For additional guidance the following colour coding is added to the instructions

■□ general account only

□■ separate account only

■■ general and separate accounts

□□ off-balance sheet

Assets and Liabilities

Row 9: Total assets ■■

Report the total value of on-balance sheet assets in Row 9 (eg. general accounts, segregated accounts, separate accounts, intangibles, etc.). If this amount is different to the 2023 public financial statements, explain the reason for the variation and to which official financial statements, if available, it relates in the Explanatory Statement. If adjusted as a result of discontinued operations (such as deals that were signed during the reporting period, but closed after the reporting period), explain the nature of the discontinued operations. The basis of this information should be the 2023 financial statements on a consolidated accounts basis.

Row 9.S: Separate account or unit-linked assets □■

Report the total value of on-balance sheet assets whose investment performance is borne by policyholders or contract holders. Such assets are often reported as “segregated accounts”, “unit-linked assets” or “separate accounts” but may not necessarily be captured within those classifications. The amount reported in this row should be a subset of the total assets reported in Row 9. Assets that back guarantees (eg. minimum guarantees of asset performance), when the risk

is not borne by the policyholder, should be excluded from Row 9.S but still be included in Row 9.

Row 9.4: Cash and cash equivalents (excl. separate accounts or unit-linked policies) ■□

Report all cash and cash equivalents (excluding cash held for separate accounts or unit-linked business). The row does not include T-bills and similar financial instruments that may be reported under rows 9.5.X.

Row 9.4.a: Cash ■□

Report all holdings of cash, including cash and currency on hand, demand deposits with banks or other financial institutions or other kinds of accounts that have the general characteristics of demand deposits. Include central bank reserves only if they can be withdrawn in a time of stress. Do not include cash equivalents, defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and subject to an insignificant risk of change in value assessed against the amount at inception. Do not include cash which is restricted as to its withdrawal or usage.

Row 10.1: Total liabilities ■■

Report total on-balance sheet liabilities. Exclude equity/own funds or minority interests. If the total liabilities amount is different to 2023 public financial statements, explain the reason for the variation and to which official financial statements it relates. If adjusted as a result of discontinued operations (such as deals that were signed during the reporting period, but closed after the reporting period), explain the nature of the discontinued operations.

In addition, provide in the Explanatory Statement a list, a valuation and a description of the five largest liabilities items on your balance sheet, as reported in your financial statements that are not policyholder liabilities as defined in Row 10.2.

Row 10.2: Policyholder liabilities (both primary insurance and reinsurance) ■■

Report the gross amount of policyholder liabilities held in both general (non-linked) and separate (unit-linked) accounts in Row 10.2: Policyholder liabilities include:

- all technical provisions held for the purpose of fulfilling insurance contracts (including policyholder dividends, funds held pursuant to reinsurance treaties, future policy benefits, policyholder account balances, loss reserves, asset valuation reserves and interest maintenance reserves related to insurance products[14], and unearned premiums reserves and excluding advance premiums received);
- investment contract liabilities, including guarantees of asset performance in separate accounts,[15] policyholder liabilities in segregated or separate accounts, unit-linked liabilities and unallocated divisible surplus (UDS).[16] If the firm has any UDS, include the amount of UDS reported in the Explanatory Statement;
- any of the above elements that are classified as “Held for sale” or equivalent on the balance sheet under the relevant accounting system.

[14] Asset valuation and interest maintenance reserves are applicable only to companies submitting data in accordance with U.S. Statutory Accounting Principles.

[15] The reference to “separate accounts” is intended to capture all structures where the investment performance is borne by the policyholder. See Row 9.S.

[16] In certain participating long-term insurance and investment business, the nature of the policy benefits is such that the division between shareholder reserves and policyholder liabilities is uncertain. Amount whose allocation to either policyholders or shareholders has not been determined by the end of the financial year are held within liabilities as an unallocated divisible surplus.

Row 10.2.S: Separate account or unit-linked policyholder liabilities ☐■

Report the gross amount of policyholder liabilities attributable to separate account or unit-linked liabilities (Subset of Row 10.2). If 10.2.S is greater than 9.S, provide an explanation of the liabilities that exceed the assets held for separate account holders.

Classes of financial assets

Report the gross fair value of all assets that are valued on a recurring basis using fair value hierarchy levels 1, 2 and 3. **This includes assets which can be valued under another basis, but for which the company chooses to hold at fair value.** Do not include assets valued using other methods in the financial statements, such as amortised cost. Cash should not be included in Level 1 financial assets in this data element.

The definition of the fair value hierarchy levels can be found in *International Financial Reporting Standard 13, Fair Value Measurement* and *U.S. Accounting Standard Codification (ASC) 820, Fair Value Measurement*. Also refer to IFRS 13, paragraph 93 and ASC 820-10-50-1 and 820-10-50-2b.

In addition to the accounting guidance, note that, for the purpose of this data collection, you should: **(i) exclude any direct holding of physical real estate, (ii) include other holdings of all real estate-related assets as financial instruments in the relevant class of assets** (from level 1 to 3).

Row 30.1: Level 1 financial assets ■■

Report all level 1 assets valued at fair value. Exclude any holdings of real estates as specified above.

Row 30.2: Level 2 financial assets ■■

Report all level 2 assets valued at fair value. Exclude any holdings of real estates as specified above.

Row 30.3: Level 3 financial assets ■■

Report all level 3 assets valued at fair value. Exclude any holdings of real estates as specified above.

Row 30.3.1: of which are loans (excluding mortgages) ■■

Row 30.3.2: of which are mortgages ■■

Row 30.3.3: of which are equity and debt securities ■■

Row 30.3.4: of which are holdings of real estate as financial investments ■■

Note: The sum of Rows 30.3.1, 30.3.2, 30.3.3 and 30.3.4 should not exceed the amount reported in the row 30.3.

$$\mathbf{30.3.1 + 30.3.2 + 30.3.3 + 30.3.4 \leq 30.3}$$

Row 30.4: Level 3 assets - any direct holding of physical real estate ■■

Report all direct holding of physical real estate valued at fair value as level 3 assets that were excluded from the row 30.3. Do not include the row 30.4 in the row 30.3.

Note: The sum of Rows 30.1, 30.2, 30.3, 30.4 and 30.5 should not exceed the total assets amount

reported in the balance sheet.

$$30.1 + 30.2 + 30.3 + 30.4 + 30.5 \leq 9$$

Row 30.5: All assets held at historical or amortised costs

Report value of assets held at historical or amortised costs. Amortized cost is an accounting method in which all financial assets must be reported on a balance sheet at their amortized value which is equal to their acquisition total minus their principal repayments and any discounts or premiums minus any impairment losses and exchange differences. Exclude any holdings reported under rows 30.1-30.4 (at fair value) as specified above.

Row 30.5.1: of which would be considered a level 3 valuation if they were reported at FV

Row 30.5.2: of which are loans (exclude. mortgages)

Row 30.5.3: of which are mortgages

Row 30.5.4: of which is structured credit and all forms of securitisations

Row 30.5.5: of which are others

Note: Rows 30.5.2, 30.5.3, 30.5.4 and 30.5.5 can be subsets of the row 30.5.1.

Row 30.6: Assets originated by related parties

Assets originated by related parties: Report the total investment in assets that have been originated by related parties. Related parties include entities that belong to the same group or entities in which the group holds an equity stake, whether controlling or not. 'Originated' refers to assets created, issued, or generated directly by these related parties or where the parties participated in the origination, either indirectly or directly. Examples include, but are not limited to, Collateralized Loan Obligations (CLOs), syndicated loans, participation in direct lending platforms, asset-based finance, and other similar financial instruments.

Derivatives

For the purposes of derivatives reporting, unless stated otherwise, report derivatives exposure as disclosed in the reporting company's consolidated financial statements, in particular in the notes to the consolidated financial statements **in accordance with FASB ASU 2011-11 & ASU 2013-1 and IFRS 7 and IAS 32 last amendments.** Gross figures are exposures prior to any collateral or counterparty netting. Do not include bifurcated embedded derivatives in technical provisions in Rows 39 through 39.8.

Row 39: Fair value of derivatives assets and liabilities

Information reported in Rows 39.1 through 39.6 should mirror amounts reported in the notes to the consolidated financial statements in accordance with FASB ASU 2011-11 & ASU 2013-1, IFRS 7 and IAS 32 last amendments or similar GAAPs:

Row 39.1: Gross amount of recognised derivative assets

Report the sum of the fair value of all derivative contracts that have a positive fair value, and it is not reduced by **any** netting arrangements or collateral in accordance with FASB ASU 2011-11 & ASU 2013-1, IFRS 7 and IAS 32 last amendments or similar GAAPs. Do not include bifurcated embedded derivatives

Row 39.2: Gross amount of recognised derivative liabilities

Report the sum of the fair value of all derivative contracts that have a negative fair value, and it is not reduced by **any** netting arrangements or collateral in accordance with FASB ASU 2011-11 & ASU 2013-1, IFRS 7 and IAS 32 last amendments or similar GAAPs. Do not include bifurcated embedded derivatives.

Row 39.3: Net amount of recognised derivative assets

Report the net amount of derivative assets **as displayed in the notes to the consolidated financial statements**, in accordance with FASB ASU 2011-11 & ASU 2013-1, IFRS 7 and IAS 32 2012 amendments or similar GAAPs: this is the sum of the fair value of all derivative contracts that have a positive fair value, after taking into account all netting and offsetting stages allowed by the IFRS, US GAAP and similar accounting standards, including for all the derivatives contracts settled under a master netting agreement the counterparty netting (financial instruments) and the cash collateral offsetting, whatever the reporting accounting rules are (US GAAP, IFRS or similar GAAPs). Do not include bifurcated embedded derivatives.

Where the value reported here equals the value in Row 39.1, provide an explanation in the Explanatory Statement.

This number is not necessarily the same figure reported on financial statements where different netting and offsetting rules apply according to the different accounting standards, but should be the final one displayed within the derivatives note to the consolidated financial statements in accordance with FASB ASU 2011-11 & ASU 2013-1, IFRS 7 and IAS 32 2012 amendments or similar GAAPs.
The number reported in the financial statements should be reported in the row 39.7.

$$39.3 \leq 39.7$$

Row 39.3.a: of which are over–the-counter derivatives

Row 39.3.a.1: of which are over–the-counter derivatives with a financial institution.

Row 39.4: Net amount of recognised derivative liabilities

Report the net amount of derivative liabilities **as displayed in the notes to the consolidated financial statements**, in accordance with FASB ASU 2011-11 & ASU 2013-1, IFRS 7 and IAS 32 2012 amendments or similar GAAPs: this is the sum of the fair value of all derivative contracts that have a negative fair value, after taking into account all netting and offsetting stages allowed by the IFRS , US GAAP and similar accounting standards, including for all the derivatives contracts settled under a master netting agreement the counterparty netting (financial instruments) and the cash collateral offsetting, whatever the reporting accounting rules are (US GAAP, IFRS or similar GAAPs). Do not include bifurcated embedded derivatives.

Where the value reported here equals the value in Row 39.2, provide an explanation in the Explanatory Statement.

This number is not necessarily the same figure reported on financial statements where different netting and offsetting rules apply according to the different accounting standards, but should be the final one displayed within the derivatives note to the consolidated financial statements in

accordance with FASB ASU 2011-11 & ASU 2013-1, IFRS 7 and IAS 32 last amendments or similar GAAPs.

The number reported in the financial statements should be reported in the row 39.8.

$$\mathbf{39.4 \leq 39.8}$$

Row 39.4.a: of which are over–the-counter derivatives

Row 39.4.a.1: of which are over–the-counter derivatives with a financial institution.

Row 39.5: ILR Gross Derivative Liabilities

The calculation of ILR gross derivatives liabilities is performed by contractual netting set. A contractual netting set is the set of all contracts subject to master netting agreement. Derivative transactions not subject to a master netting agreement are their own contractual netting set.

ILR gross derivative liabilities is the sum of the netting sets that have negative replacement cost from the perspective of the insurer (i.e. the insurer's current position has a negative market value).

$$\sum_{netting\ sets} \max(-gross\ replacement\ cost\ of\ derivatives\ in\ netting\ set, 0)$$

Because of an insurer may have derivative assets and liabilities within a netting set and because this excludes derivatives held in separate accounts, this amount should be less than or equal to the value reported in 39.2.

$$\mathbf{39.5 \leq 39.2}$$

Do not include the value of any bifurcated embedded derivatives related to insurance contracts. The liquidity risk on these products is assessed using Row 33. Include any bifurcated embedded derivatives that do not have a host insurance contract.

Do not include the value of any collateral cash or securities collateral pledged or received in the calculation of ILR Gross Derivatives Liabilities.

Row 39.6: ILR Eligible Cash Variation Margin

Report the value of any cash collateral provided to counterparties on ILR Gross Derivative Liabilities in the derivative's settlement currency. Exclude any amounts reported in row 9.4.

Row 39.6.ALL: ILR Eligible Variation Margin

Report the value of any collateral provided to counterparties on ILR Gross Derivative Liabilities in the derivative's settlement currency. Include any amounts reported in row 39.6 and other non-cash forms of collateral.

$$39.6 \leq 39.6.ALL$$

Row 39.9: Initial Margin ■□

Report the fair value of the securities posted as initial margin by an insurer for derivatives contracts. Include the value of securities pasted as initial margin that are included in rows 9.5.x. Do not include any cash initial margin that is not reported in row 9.4.

Row 39.10: ILR Gross Derivative Assets ■□

The calculation of ILR gross derivative assets is performed by contractual netting set. A contractual netting set is the set of all contracts subject to master netting agreement. Derivative transactions not subject to a master netting agreement are their own contractual netting set.

ILR gross derivative assets is the sum of the netting sets that have positive replacement costs from the perspective of the insurer (i.e. the insurer's current position has a positive market value).

$$\sum_{netting\ sets} \max(gross\ replacement\ cost\ of\ derivatives\ in\ netting\ set, 0)$$

Do not include the value of any bifurcated embedded derivatives related to insurance contracts. The liquidity risk on these products is assessed using Row 33. Include any bifurcated embedded derivatives that do not have a host insurance contract.

Row 39.11.1: Dollar value of additional posted variation margin in response to 100 bps increase/decrease in reference rate ■□

Report the dollar value of additional posted variation margin in response to 100 bps increase/decrease in reference rate. If separate accounts cannot be separated, provide the value for both GA and SA and mention it in the Explanatory Statement.

Row 39.11.2: Maximum 10-day cash outflows related to margin and collateral calls during the reporting year ■□

Report the maximum 10-day (using a moving time window) cash outflows related to margin and collateral calls during the reporting year. These maximum outflows should cover all margin and collateral calls of an insurance group. If separate accounts cannot be separated, provide the value for both GA and SA and mention it in the Explanatory Statement.

Row 39.11.3: Average 10-day cash outflows related to margin and collateral calls during the reporting year ■□

Report the average 10-day (using a moving time window) cash outflows related to margin and collateral calls during the reporting year. These average outflows should cover all margin and collateral calls of an insurance group. If separate accounts cannot be separated, provide the value for both GA and SA and mention it in the Explanatory Statement.

Row 40.A: Gross notional amount of derivatives: ■■

Row 40.A.1: Gross notional amount of derivatives contracts:

Report the total gross notional amount of derivatives. The notional amount of derivatives whether with positive or negative value should be added. For example, if the insurer has two offsetting positions, it should sum up the absolute value of the positions to reach a gross notional number rather than offset the positions to arrive at a lower value. Do not include bifurcated embedded derivatives.

Row 40.A.1.1: of which are deriv. contracts with currently negative market/fair value

Row 40.A.1.a: of which are over–the-counter derivatives contracts.

Row 40.A.1.a.CC: of which are OTC derivatives contracts that are centrally cleared

Row 40.A.H: Gross notional amount of derivatives used to hedge guarantees on variable insurance products:

Report the total gross notional amount of derivatives that are used to hedge guarantees on variable insurance products (as defined in Section 3.10). This row is a subset of Row 40.A.1.

Row 40.B: Potential future exposure (automatically calculated):

Report the amount for potential future exposure, which is obtained by multiplying the notional principal amount of derivatives by a factor depending on the type of derivative and residual maturity. These factors estimate the potential future exposure for 10 trading-day horizon.

For the 2020 exercise a tool ("Row 40 Tool" tab) was included in the Template file to help firms accurately complete this section. In an effort to improve data quality and avoid resubmissions, firms **should** report the notional principal amount within the tool's tables (each one corresponds to a single main Template row). Once complete, the tool calculates each potential future exposure row for reporting within the main Template. Included within the tool are simple logic test highlighting unlikely results.

The following matrix, also included within the tool, gives the proper factors according to the type of derivatives and maturity:

	Interest rates	FX and Gold	Credit (investment grade reference asset)	Credit (non-investment grade reference asset)	Equities	Precious metals except gold	Other commodities
One year or less	0.0%	1.0%	5.0%	10.0%	6.0%	7.0%	10.0%
Over one year to five years	0.5%	5.0%	5.0%	10.0%	8.0%	7.0%	12.0%
Over five years	1.5%	7.5%	5.0%	10.0%	10.0%	8.0%	15.0%

List insurance linked derivatives together with their treatment concerning the potential future exposure calculation in the Explanatory Statement.

Row 40.B.1: Report the PFE for all derivatives with a net positive fair value

Row 40.B.1.a: Report the potential future exposure for all over-the-counter derivatives with a net positive fair value

Row 40.B.1.a.1: Report the potential future exposure for all over-the-counter derivatives conducted with a financial counterparty that have a net positive fair value.

Row 40.B.2: Report the potential future exposure for all derivatives with a net negative fair value

Row 40.B.2.a: Report the potential future exposure for all over-the-counter derivatives with a net negative fair value

Row 40.B.2.a.1: Report the potential future exposure for all over-the-counter derivatives conducted with a financial counterparty that have a net negative fair value.

Interplays with Sector-wide Monitoring

Data elements below connect and explore the interplays of the IIM and SWM. These shared data elements facilitate a more integrated view on the possible build-up of systemic risk in the global insurance sector and enrich the GME's necessary forward-looking perspective. Report all data elements (except Rows 62 to 64.2, 68.S and 69.S) only for **general accounts**. The data elements below will be collected in a separate sheet "Global Monitoring Exercise")

Row 65: Total investments, excl. separate accounts

Report the aggregate market value of all investments (excl. unit-linked assets) done by insurer. It includes all bonds, shares, real estate investments, cash investments or other means of asset allocation. The reported value covers all investments regardless credit quality, maturity, yield or counterparty. This row includes general account part of rows: 20.1, 21.1, 22.1 and 23.1. Furthermore, this row also includes real estate investments (rows 65.4.1 and 65.4.2) and any other type of asset allocation that is not mentioned above.

Row 65.CRE: of which are commercial real estate (CRE) exposures, including indirect (eg loans, equities) and direct real estate holdings (these exposures should be reported in parallel under relevant 65.x rows).

Row 65.UGL: Unrealised gains and losses from all investments (GA only)

Report unrealised gains and losses from all investments (GA only) during the reporting period.

Row 65.E: Equities, excl. separate accounts ■□

Report all holdings of equity belonging to general account only. Include investments in collective investment vehicles, including mutual funds, ETFs, UCITs , etc. (eg. equity, bond, hybrid and money market funds) that are administered outside of the reporting group. Exclude any debt or lending that, in some jurisdictions, may be called equity such as hybrid securities if you already reported it under corporate debt.

$$\textbf{Row 65.E (GA only)} \leq \textbf{Row 23.1 (GA + SA)}$$

Row 65.E.F: of which are equities from financial institutions (eg. banks, insurers and investment funds) ■□

Row 65.E.U: of which unlisted equities ■□

Row 65.E.IF: of which are all types of investment funds (eg. mutual funds, MMFs, ETFs or hedge funds) ■□

$$\textbf{Rows } (9.5.10.1.L + 9.5.10.2.L + 9.5.10.3.L) \leq \textbf{Row 65.E.IF}$$

Row 65.1: Sovereign bonds, excl. separate accounts ■□

Report the aggregate value (excl. unit-linked assets) of all sovereign counterparty exposure, on an immediate risk basis, held either outright or through participation in publicly traded collective investment vehicles. Sovereign bonds include bonds issued by public authorities, whether by central governments, supra-national government institutions, multilateral international banks, regional governments or local authorities and bonds that are fully, unconditionally and irrevocably guaranteed by a Member State's central government and central bank, denominated and funded in the domestic currency of that central government and the central bank, multilateral development or international organisations. This row includes rows 9.5.1, 9.5.2, 9.5.3 and other sovereign bond investments (with lower quality). Do not include any securitizations as reported in the row 65.Z.

Row 65.1.1: of which are Credit Rating Step <4 (above investment grade) ■□

Row 65.1.2: of which are Credit Rating Step 4 (investment grade) ■□

Row 65.1.3: of which are Credit Rating Step >4 (below investment grade) ■□

Row 65.1.4: of which are Unrated ■□

For the credit steps, refer to the table below (internal ratings may be used for loans & mortgages).

Credit Rating Steps	S&P	Moody's	Fitch	DBRS	AM Best	NAIC Desig-nations	Chinese ratings	Japan Credit Rating Agency	R&I (Japan)
1	AAA	Aaa	AAA	AAA				AAA	AAA

2	AA / A-1	Aa / P-1	AA / F1	AA / R-1	A+			AA / J-1	AA / a-1
3	A / A-2	A / P-2	A / F2	A / R-2	A	1	AAA	A / J-2	A / a-2
4	BBB / A-3	Baa / P-3	BBB / F3	BBB / R-3	B+	2		BBB / J-3	BBB / a-3
5	BB	Ba	BB	BB	B	3	AA/A1, A/A2	BB	BB
6	B / B	B / NP	B / B	B / R-4	C+	4	BBB/A3, BB, B	B / NJ	B / b
7	CCC / C and lower	Caa and lower	CCC / C and lower	CCC / R-5 and lower	C and lower	5	CCC and lower	CCC and lower	CCC / c and lower

Additionally, participating insurers can use ratings issued by a rating agency that the banking regulator in its jurisdiction (or for a subsidiary, in the subsidiary's jurisdiction) has recognised as an External Credit Assessment Institution (ECAI) under the Basel II framework. The credit rating step corresponding to a rating produced by such an agency is the Basel II rating category to which the supervisor has mapped the rating (the combined rating class AAA/AA corresponds to the IIM credit rating step 2).

Row 65.2: Corporate bonds, excl. separate accounts ■□

Report total account market value (excl. unit-linked assets), held either outright or through participation in publicly traded collective investment vehicles, invested in any type of corporate debt securities, including commercial paper. Include both covered and also non-covered debt. "Debt securities" include only plain-vanilla assets whose value is readily available based on standard methods and does not depend on private knowledge (ie. excluding structured products or subordinated debt). This row includes the row 9.5.5 and other non-investment grade corporate debt. Equity instruments are not included. Do not include any securitizations as reported in the row 65.Z.

Row 65.2.F: of which are corp.bonds from financial institutions (eg. banks, insurers and investment funds) ■□

Row 65.2.1: of which are Credit Rating Step <4 (above investment grade) ■□

Row 65.2.2: of which are Credit Rating Step 4 (investment grade) ■□

Row 65.2.3: of which are Credit Rating Step >4 (below investment grade) ■□

Row 65.2.4: of which are Unrated ■□

Row 65.Z: Securitizations (including CLOs), excl. separate accounts ■□

Report the market value (excl. unit-linked assets) of all securitizations. Securitization is the financial practice of pooling various types of contractual debt such as residential mortgages, commercial mortgages, auto loans or credit card debt obligations (or other non-debt assets which generate receivables) and selling their related cash flows to third party investors as securities, which may be described as bonds, pass-through securities, or collateralized loan obligations (CLOs). Investors are repaid from the principal and interest cash flows collected from the underlying debt and redistributed through the capital structure of the new financing. Include CLOs into this row.

Row 65.Z.M: of which are securitizations backed by mortgages or loans collateralized by real estate collateral ■□

Row 65.Z.F: of which are securitizations from financial institutions (eg. banks, insurers and investment funds) ■□

Row 65.Z.1: of which are Credit Rating Step <4 (above investment grade) ■□

Row 65.Z.2: of which are Credit Rating Step 4 (investment grade) ■□

Row 65.Z.3: of which are Credit Rating Step >4 (below investment grade) ■□

Row 65.Z.4: of which are Unrated ■□

Row 65.3: Loans and Mortgage loans, excl. separate accounts ■□

Report total account market value (excl. unit-linked assets), held either outright or through participation in publicly traded collective investment vehicles, invested in loans or mortgages. Do not include securitisations. Internal ratings may be used for the credit rating splits.

Row 65.3.M: of which are mortgages or loans backed by real estate collateral ■□

Row 65.3.F: of which are loans granted to financial institutions (eg. banks, insurers and investment funds) ■□

Row 65.3.1: of which are Credit Rating Step <4 (above investment grade) ■□

Row 65.3.2: of which are Credit Rating Step 4 (investment grade) ■□

Row 65.3.3: of which are Credit Rating Step >4 (below investment grade) ■□

Row 65.3.4: of which are Unrated ■□

Row 65.4: Real estate, excl. separate accounts ■□

Report market value of all real estate investments (for the whole insurance group). Include two categories:

- Direct real estate investments (eg. direct property held, property for own use);
- Indirect real estate investment (eg. through real estate funds or other vehicles). Equity or debt issued by real estate corporations should not be included.

Row 65.5: Reinsurance recoverables, excl. separate accounts ■□

Report the aggregate value of gross recoverables from ceded business. The term recoverable refers to the portion of an insurance/reinsurance company's losses from claims that can be recovered from

reinsurance companies. They include the amount owed to the insurer/reinsurer by the reinsurer for claims and claims-related expenses, the amount owed for estimated losses that have occurred and been reported, the amount of incurred but not reported (IBNR) losses, and the number of unearned premiums paid to the reinsurer. Gross means that these values include collateral and other offsetting items.

$$\mathbf{27.1.C\ (GA + SA)\ \geq 65.5\ (GA\ only)}$$
$$\mathbf{65.5\ (GA, all\ types) \geq 38.6\ (GA, only\ cash)}$$

Row 65.6: Reinsurance assets, excl. separate accounts ■□

Report the aggregate value of reinsurance assets (funds withheld, assets in trust, or similar assets, excl. unit-linked assets) that are not included in the row 65.5. Include any investments into non-affiliated reinsurance companies (outside of your insurance group) or special purpose vehicles which serve to reinsurance or risk transfer purposes. This row includes assets withheld by the ceding insurer held in a segregated account or trust and established pursuant to contracts of ceded re-insurance.

Row 65.6.1: of which are equities ■□

Row 65.6.2: of which are corporate debt securities ■□

Row 65.6.3: of which are sovereign bonds ■□

Row 65.6.4: of which are loans and mortgages ■□

Row 65.6.5: of which are securitizations (including CLOs) ■□

Row 65.6.6: of which are other reinsurance assets (automatically calculated field) ■□

Row 65.7: Deferred acquisition costs ■□

Report the aggregate value of deferred acquisition costs. Deferred acquisition costs (DAC) is an asset on the balance sheet representing the deferral of the cost of acquiring new insurance/reinsurance contracts, thereby amortising the costs over their duration. Insurance/reinsurance companies face large upfront costs incurred in issuing new business, such as commissions to sales agents, underwriting, bonus interest and other acquisition expenses.

Row 65.8: Intangibles and goodwill ■□

Report value of all group intangibles including goodwill. An intangible asset (an intangible) is an asset that lacks physical substance. Examples are patents, copyright, franchises, goodwill, trademarks, and trade names, as well as software. This is in contrast to physical assets (machinery, buildings, etc.) and financial assets (bonds and equities, etc.). The goodwill is an intangible asset recognized when a firm is purchased as a going concern. It reflects the premium that the buyer pays in addition to the net value of its other assets. Goodwill is often understood to represent the firm's intrinsic ability to acquire and retain customer business, where that ability is not otherwise attributable to brand name recognition, contractual arrangements or other specific factors.

Row 65.10: Infrastructure investing ■□

Report total market value of the exposure to infrastructure investing. Infrastructure is defined as the basic physical and organizational structures needed for the operation of a society or enterprise. Traditional infrastructure subsectors include social infrastructure (schools, hospitals, etc., typically built under public-private partnership frameworks), utilities (gas, water/waste and electricity networks), transportation (toll roads, airports and seaports) and energy infrastructure (power generation and midstream assets, such as pipelines). Infrastructure is an asset class that emerged in the mid-1990s and is typically considered in a portfolio context alongside other private markets asset classes, such as private equity and real estate. However, infrastructure investments share certain attributes that make them unique and are meant to provide steady, reliable returns across a wide variety of economic conditions.
Returns are generally inclusive of a cash yield, which is beneficial for investors who seek income as well as total return.

Row 65.OA: Other assets, excl. separate accounts (automatically calculated) ■□

Others assets belonging to the general accounts are automatically calculated in the Template using the following formula:

$$Other\ assets = Total\ assets - Equities - Sovereign\ bonds - Corporate\ bonds - Loans\&mortgages - Securitizations - Real\ estate - Cash - Reinsurance\ assets - DAC$$

No values should be reported in blue cells. Provide clarification which asset classes you have included in the "Other assets" category in the column “Explanations” if a share of “Other assets” on all total assets (general account) is above 20%.

In Rows 66 to 69 split premium and provisions data into life business, captured in the *.1 rows and non-life including health business, captured in the *.2 rows.

Rows 66.1 and 66.2: Total gross written premium, excl. separate accounts ■□

Report all premiums written by all entities in all countries that belong to general accounts. Exclude any business belonging to separate accounts or unit-linked products. These premiums are the contractually determined premiums on all policies which a company has issued in the period specified for this report, regardless of how they are accounted for under the national GAAP. For non-life insurance and reinsurance, gross premiums are the sum of direct premiums written and assumed, both earned and unearned, before any outgoing reinsurance. Assumed premiums are included. For life insurance and reinsurance, gross premiums that should be included are the stock of insurance written that is recognised that year as earned on the Income Statement and the new flow written that year. If the number is different from what is reported on the Income Statement, provide details in the Explanatory Statement. Premiums for contracts where insurers do not accept material insurance risk from policyholders should be excluded.

$$Gross\ written\ premiums = Direct\ premiums + Assumed\ premiums$$

Provide gross written premium split both life and non-life (including health) business lines. If the split is not readily available, provide division on the best effort basis.

$$\mathbf{18} \geq \mathbf{66.1} + \mathbf{66.2}$$
$$\mathbf{18} = \mathbf{66} + \mathbf{66.S}\ \text{(a linkage with the sheet 1)}$$

Row 66.S: Total gross technical provision – separate accounts only ☐■

This row is automatically calculated and equal to a difference between rows 18 and 66.

Row 66.A: Assumed premiums, excl. separate accounts ■☐

Report all premiums assumed by all entities in all countries. Assumed premiums are secondary premiums that were directly written by other insurers (ie. primary insurers) and subsequently ceded to the reinsurers. Assumed premiums include also premiums that were retroceded by some reinsurers to other reinsurers.

$$Assumed\ premiums = Gross\ written\ premiums - Direct\ premiums$$

Provide assumed premiums split both life and non-life (including health) business lines. If the split is not readily available, provide division on the best effort basis.

$$\mathbf{66.1\ (GWP\ life\ business) \geq 66.A.1\ (assumed\ premiums\ life\ business)}$$

$$\mathbf{66.2\ (GWP\ nonlife\ business) \geq 66.A.2\ (assumed\ premiums\ nonlife\ business)}$$

Row 66.C: Ceded premiums, excl. separate accounts ■☐

Report all ceded premiums. Ceded premiums means all premiums (including policy fees), considerations, deposits and other similar amounts actually paid by a ceding insurer and received by the cedent (a reinsurer) as a part of the reinsured policies, net of the amount deemed payable in respect of reinsurance premiums. A ceding insurer is an insurer that underwrites and issues an original, primary policy to an insured and contractually transfers (cedes) a portion of the risk to the cedent (a reinsurer).

$$Ceded\ premiums = Gross\ written\ premiums - Net\ written\ premiums$$

Provide net written premium split both life and non-life (including health) business lines. If the split is not readily available, provide division on the best effort basis.

Rows 67.1 and 67.2: Total net written premium (automatically calculated) ■☐

Report all net premium written by all entities in all countries after ceding a part of gross written premiums to reinsurers. These premiums are the contractually determined premiums on all policies which a company has issued in the period specified for this report, regardless of how they are accounted for under the national GAAP. For non-life insurance and reinsurance, net premiums are the sum of direct premiums written and assumed, both earned and unearned, after considering reinsurance protection. Assumed premiums are included.

For life insurance and reinsurance, net premiums that should be included are the stock of insurance written that is recognised that year as earned on the Income Statement and the new flow written that year. If the number is different from what is reported on the Income Statement, provide details in the Explanatory Statement. Premiums for contracts where insurers do not accept material insurance risk

from policyholders should be excluded. Net written premiums may be calculated using the following formula:

$$Net\ written\ premiums = Gross\ written\ premiums\ -\ Ceded\ premiums$$

Provide net written premium split both life and non-life (including health) business lines. If the split is not readily available, provide division on the best effort basis.

$$\mathbf{18 - 18.1 \geq\ 67.1 + 67.2}$$

Row 68.S: Total gross technical provision – separate accounts only ☐■

Report total gross (gross of reinsurance) technical provisions which belong to separate accounts only.

Rows 68.1 and 68.2: Total gross technical provision, excl. separate accounts ■☐

Report total gross (gross of reinsurance) technical provisions which are held for the purpose of fulfilling insurance contracts (including policyholder dividends, funds held pursuant to reinsurance treaties, future policy benefits, policyholder account balances, loss reserves, asset valuation reserves and interest maintenance reserves related to insurance products, and unearned premiums reserves and excluding advance premiums received). Report values before considering any outgoing reinsurance. Technical provisions related to assumed premiums (ceded from other insurers) are included. Reinsurance recoverables (on the asset side) should not be deducted from gross technical provisions. Reinsurance recoverables should not be taken into calculation of gross technical provisions. Report total gross technical provisions for all lines of business.

Provide gross technical provisions split both life and non-life (including health) business lines. If the split is not readily available, provide division on the best effort basis.

Row 69.1: Total life net technical provision, excl. separate accounts ■☐

Report total life net (net of reinsurance) technical provisions which are held for the purpose of fulfilling insurance contracts (including policyholder dividends, funds held pursuant to reinsurance treaties, future policy benefits, policyholder account balances, loss reserves, asset valuation reserves and interest maintenance reserves related to insurance products, and unearned premiums reserves and excluding advance premiums received). Report values after considering any reinsurance contract or cession.

Row 69.1.1: of which are long-term liabilities (with maturity longer than 5 years) ■☐

Row 69.1.2: of which are mid-term liabilities (with maturity between 1-5 years) ■☐

Row 69.1.3: of which are short-term liabilities (with maturity shorter than 1 year) ■☐

Row 69.2: Total non-life and health net technical provision, excl. sep. accounts ■☐

Report total non-life and health net (net of reinsurance) technical provisions which are held for the purpose of fulfilling insurance contracts (including policyholder dividends, funds held pursuant to reinsurance treaties, future policy benefits, policyholder account balances, loss reserves, asset valuation reserves and interest maintenance reserves related to insurance products, and unearned premiums reserves and excluding advance premiums received). Report values after considering any reinsurance contract or cession.

Row 69.2.1: of which are long-term liabilities (with maturity longer than 5 years) ■□

Row 69.2.2: of which are mid-term liabilities (with maturity between 1-5 years) ■□

Row 69.2.3: of which are short-term liabilities (with maturity shorter than 1 year) ■□

Row 69.S: Total net technical provision – separate accounts only □■

Report total net (net of reinsurance) technical provisions which belong to separate accounts only.

Monitoring of derivatives

Row 75: Split of derivative transactions ■■

Report a split of derivative transactions into six below listed categories. Provide split for gross notional amounts (GNA) and market value of the derivative transactions. The gross notional amount of derivatives whether with positive or negative value should be added. For example, if the insurer has two offsetting positions (+1000 and -500), it should sum up the absolute value of the positions to reach a gross notional number (GNA of this example = |1000| + |-500| = 1500) rather than offset the positions to arrive at a lower value. Do include bifurcated embedded derivatives. The market value of derivatives with positive or negative value should be added and offset each other. For example, if the insurer has two offsetting positions (+100 and -50), it should sum up the value (not absolute) of the positions to reach the total market value (+100 – 50 = +50). In addition to GNA and market values, provide best effort % estimates of:

- GNA which is centrally cleared - Centrally-cleared derivatives are negotiated between the counterparties but contain standardized terms and are traded through a central clearing house.
- GNA used for hedging or efficient portfolio management (ie dynamic hedging, any form of hedging accounting and efficient portfolio management strategies, including cost reduction, anticipate re-investments or income enhancement, the residual part will be considered as derivatives held for speculative purposes)
- GNA belonging to option derivative contracts (excluding swaps, forwards and futures) – Option derivative contracts include also embedded options.

Row 75.1: of which are interest rate derivatives ■■

Row 75.2: of which are equity-linked derivatives ■■

Row 75.3: of which are foreign exchange derivatives ■■

Row 75.4: of which are credit risk derivatives (including CDS) ■■

Row 75.5: of which are derivatives related to life (re)insurance (e.g. derivatives related to transfers of longevity or mortality risks) ■■

Row 75.6: of which are other derivatives (residual category of derivatives not including in rows 75.1 – 75.5)

Reinsurance

Row 85.1 Total Technical Provisions ceded to non-affiliates

Report gross technical provisions ceded or retroceded to non-affiliated counterparties. This should be gross of any payable or reinsurance asset recognised. This total should also include total reserve credit taken. Exclude technical provisions relating to accident and health.

Row 85.2 Total Technical Provisions ceded due to ModCo and coinsurance

Report the sub-total of 85.1 that are ceded due to modified coinsurance (ModCo) and coinsurance contracts, including coinsurance with funds withheld.

Row 85.3 Total Technical Provisions ceded to cross-border non-affiliates

Report the sub-total of 85.1 that are ceded to cross border non-affiliated counterparties.

Row 86.1 Total Technical Provisions ceded to affiliates

Report gross technical provisions ceded or retroceded to affiliated counterparties. This should be gross of any payable or reinsurance asset recognised. This total should also include total reserve credit taken. Exclude technical provisions relating to accident and health.

Row 86.2 Total Technical Provisions ceded due to ModCo and coinsurance

Report the sub-total of 86.1 that are ceded due to ModCo and coinsurance contracts, including coinsurance with funds withheld.

Row 86.3 Total Technical Provisions ceded to cross-border affiliates

Report the sub-total of 86.1 that are ceded to cross-border affiliated counterparties. This includes all internal reinsurance transactions as the reinsurance is between two entities within the same group.

A.2.3 SWM 2024 data template

	Derivatives, repos and securities lending: Excluding unit-linked business
S41.G.P	Gross notional amount of all OTC derivatives with positive value
S41.G.N	Gross notional amount of all OTC derivatives with negative value (please use a positive sign)
S41.G	Gross notional amount of all OTC derivatives (a sum of rows S41.G.P and S41.G.N)

	Premiums assumed, written, ceded and retroceded
R10	Total gross reinsurance premiums written and assumed (both ceded and retroceded premiums from other insurers, primary insurance included (if any))
R10.L	of which: Life insurance (no accident and health)
R10.N	of which: Non-life/Cat insurance
R11	Gross reinsurance premiums assumed from reinsurers (retrocession only, subpart of R10)
R11.L	of which: Life insurance (no accident and health)
R11.N	of which: Non-life/Cat insurance
R12	Direct gross written premiums if any (primary insurance only, subpart of R10)
R12.L	of which: Life insurance (no accident and health)
R12.N	of which: Non-life/Cat insurance
R13	Total gross reinsurance premiums assumed (R10-R12, both ceded and retroceded premiums from other insurers, primary insurance excluded (if any), automatically calculated)
R13.L	of which: Life insurance (no accident and health)
R13.N	of which: Non-life/Cat insurance
R14	All ceded/ retroceded premiums (by reporting entities, ≤ R10)
R14.L	of which: Life insurance (no accident and health)
R14.N	of which: Non-life/Cat insurance
R15	Net reinsurance premiums assumed (automatically calculated)
R15.L	of which: Life insurance (no accident and health)
R15.N	of which: Non-life/Cat insurance

A.2.3 SWM 2024 technical specifications

Row S41.G: Gross notional amount of all OTC derivatives

Report the total gross notional amount of all OTC derivatives, before any netting/offsetting. The notional amount of derivatives whether with positive or negative value (please report them with a positive sign) should be added/summed up in separate data rows. For example, if the insurer has two offsetting positions, the indicator should sum up the absolute value of the positions to reach a gross notional number rather than offset the positions to arrive at a lower value. Include bifurcated embedded derivatives. CDS derivatives are included in the reported notional amounts.

Row R10: Total gross reinsurance premiums assumed (or premiums written)

Report total gross reinsurance premiums assumed (or premiums written) for all types of reinsurance coverage (in summary, all premium in-flows). Include three following kinds of premiums:

• Premiums ceded from primary insurers (standard reinsurance);

• Premiums retroceded from other reinsurers (as a part of retrocession, reported also separately in the row R11);

• Primary direct insurance premiums written by reported reinsurers (if any, reported also separately in the row R12).

Report all (gross of bought reinsurance) premium written by all solo reported reinsurance companies in your jurisdiction. These premiums are the contractually determined premiums on all policies which an entity has issued in the period specified for this report, regardless of how they are accounted for under the national GAAP. Provide life and non-life sector split. For non-life insurance and reinsurance, gross premiums are the sum of direct premiums written and assumed, both earned and unearned, before any outgoing reinsurance. Assumed premiums should be included. Include CatRisk and health insurance under the non-life insurance. CatRisk coverage include all NatCat and human catastrophes-related perils.

For life insurance and reinsurance, gross premiums that should be included are the stock of insurance written that is recognized that year as earned on the Income Statement and the new flow written that year. If the number is different from what is reported on the Income Statement, provide details in the column “Explanations”. Report total gross reinsurance premiums for all lines of business.

$$Gross\ reinsurance\ premiums\ (all\ premium\ inflows) = Direct\ premiums(if\ any) + Assumed\ premiums\ (cession{+}retrocession)$$

Provide a total for all entities in one column and a detail for only affiliate entities in a separate column. An affiliate entity is an entity that is a part of the same insurance/reinsurance entity. Affiliate entities may be located also in other jurisdictions.

Row R11: Gross reinsurance premiums assumed from reinsurers (retrocession only, subpart of R10)

Report total gross reinsurance premiums assumed from reinsurers only for all types of reinsurance coverage. It is a subpart of the row R10 and covers only reinsurance retrocession. Retrocession is the reinsuring of reinsurance. Retrocession is a separate contract and document from the original reinsurance agreement between a primary insurance company (as the reinsured) and the original reinsurer. A retrocession is placed to afford additional capacity to the original reinsurer or to contain or reduce the original reinsurer's risk of loss, and is either specific or blanket. A specific retrocession may be a single risk only or a carefully defined group of risks, structured as pro rata or excess of loss reinsurance. A blanket retrocession covers the original reinsurer's entire net portfolio of reinsured business (i.e., net in being less any specific retrocession protection) and is normally structured as excess of loss reinsurance, arranged separately by major line of reinsured business (i.e., property, casualty, ocean marine, aviation, accident and health, among others). Provide life and non-life sector split.

Row R12: Direct gross written premiums if any (primary insurance only, subpart of R10, optional)

Report total gross premiums directly written by reported reinsurers for all types of insurance coverage, excluding reinsurance business. Reinsurers may provide also direct insurance coverage. Report amounts of direct premiums in order to capture all reinsurers’ premiums in-flows. Provide life and non-life sector split.

Row R14: All ceded/ retroceded premiums (by reporting entities, ≤ R10)

Report all ceded (or retroceded) premiums. Ceded premiums mean all premiums (including policy fees), considerations, deposits and other similar amounts actually paid by a ceding reinsurer and received by the cedent (a reinsurer) as a part of the reinsured policies, net of the amount deemed payable in respect of reinsurance premiums. A ceding reinsurer is a reinsurer that assumes/ underwrites certain policies and contractually transfers (cedes/retrocedes) a portion of the risk to the cedent (another reinsurer). Report total ceded/retroceded premiums for all lines of business.

$Ceded\ premiums = Gross\ written\ premiums - Net\ written\ premiums$

$All\ ceded\ and\ retroceded\ premiums \leq Gross\ reinsurance\ premiums$

$R14 \leq R10$

Provide a detail for only affiliate entities. An affiliate entity is an entity that is a part of the same insurance/reinsurance entity. Affiliate entities may be located also in other jurisdictions.