

S.15.02 – Hedging of guarantees of variable annuities

General comments:

This section relates to annual submission of information for groups.

This template shall only be reported by groups in relation to the direct business and only for those entities outside the EEA that have variable annuities portfolios.

Variable annuities are unit-linked life insurance contracts with investment guarantees which, in exchange for single or regular premiums, allow the policyholder to benefit from the upside of the unit but be partially or totally protected when the unit loses value.

If Variable Annuities policies are split between two insurance undertakings, for instance a life company and a non-life company for the Variable Annuities guarantee, the company with the guarantee shall report this template. Only one row per product shall be reported.

	ITEM	INSTRUCTIONS
C0010	Legal name of the undertaking	Identify the legal name of non-EEA undertaking selling the product.
C0020	Identification code of the undertaking	Identification code by this order of priority: – Legal Entity Identifier (LEI); – Specific code Specific code: Identification code will be provided by the group. When allocating an identification code to each non-EEA or non-regulated undertaking, the group should comply with the following format in a consistent manner: identification code of the parent undertaking + ISO 3166-1 alpha-2 code of the country of the undertaking + 5 digits
C0030	Type of code of the ID of the undertaking	Type of ID Code used for the “Identification code of the undertaking” item. One of the options in the following closed list shall be used: 1 – LEI 2 – Specific code
C0040	Product ID code	Internal product ID code used by the undertaking for the product. If a code is already in use or is attributed by the competent authority for supervisory purposes that code shall be used. The ID code shall be consistent over time.
C0050	Product denomination	Commercial name of product (undertaking-specific)

C0060	Type of hedging	<p>The following closed list shall be used:</p> <ul style="list-style-type: none"> 1 – No hedging 2 – Dynamic hedging 3 – Static hedging 4 – Ad hoc hedging <p>Dynamic hedging is frequently rebalanced; static hedging is made of “standard” derivatives but not frequently rebalanced; ad hoc hedging is made of financial products structured for the specific purpose of hedging those liabilities.</p>
C0070	Delta hedged	<p>The following closed list shall be used:</p> <ul style="list-style-type: none"> 1 – Delta hedged 2 – Delta not hedged 3 – Delta partially hedged 4 – Guarantee not sensitive to delta. <p>Partial means that the strategy is not intended to cover the whole risk. Not sensitive is to be selected if the guarantee sold is deemed independent from the risk factor.</p>
C0080	Rho hedged	<p>The following closed list shall be used:</p> <ul style="list-style-type: none"> 1 – Rho hedged 2 – Rho not hedged 3 – Rho partially hedged 4 – Guarantee not sensitive to rho. <p>Partial means that the strategy is not intended to cover the whole risk. Not sensitive is to be selected if the guarantee sold is deemed independent from the risk factor.</p>
C0090	Gamma hedged	<p>The following closed list shall be used:</p> <ul style="list-style-type: none"> 1 – Gamma hedged 2 – Gamma not hedged 3 – Gamma partially hedged 4 – Guarantee not sensitive to gamma <p>Partial means that the strategy is not intended to cover the whole risk. Not sensitive is to be selected if the guarantee sold is deemed independent from the risk factor.</p>

C0100	Vega hedged	<p>The following closed list shall be used:</p> <ol style="list-style-type: none"> 1 – Vega hedged 2 – Vega not hedged 3 – Vega partially hedged 4 – Guarantee not sensitive to vega <p>Partial means that the strategy is not intended to cover the whole risk. Not sensitive is to be selected if the guarantee sold is deemed independent from the risk factor.</p>
C0110	FX hedged	<p>The following closed list shall be used:</p> <ol style="list-style-type: none"> 1 – FX hedged 2 – FX not hedged 3 – FX partially hedged 4 – Guarantee not sensitive to FX <p>Partial means that the strategy is not intended to cover the whole risk. Not sensitive is to be selected if the guarantee sold is deemed independent from the risk factor.</p>
C0120	Other hedged risks	If other risks are hedged specify their names
C0130	Economic result without hedging	<p>The “economic result” that the guarantee of the policies has generated during the reporting year if there is no hedging strategy in place, or would have generated without it if there is one in place.</p> <p>It shall be equal to:</p> <ul style="list-style-type: none"> + written premium/fees for the guarantee, minus – expenses incurred to the guarantee, minus – claims due to the guarantee, minus – variation of guarantee technical provisions.
C0140	Economic result with hedging	<p>The “economic result” that the guarantee of the policies has generated during the reporting year considering the result of the hedging strategy. Where hedging is performed for a portfolio of products, for instance in cases where hedge instruments may not be allocated to specific products, the undertaking shall allocate the effect of hedging to the different products using the weight of each product in the “Economic result without hedging” (C0110).</p>