

### S.26.14 – Internal model: Life and Health underwriting risk

#### General comments:

This section relates to annual submission of information for individual entities.

This template shall be reported based on availability according to the internal model architecture and risk profile when possible with reasonable effort. The data to be reported shall be agreed between national supervisory authorities and insurance and reinsurance undertakings.

In this template, the results of internal models for Life and Health SLT underwriting risk are reported. If insurers also integrate Health NSLT underwriting risk in the Life + Health SLT underwriting risk model structure, the results of the Health NSLT model should also be reported in this template.

Depending on the structure of Life and Health SLT underwriting risk modelling, one of the two approaches for longevity and mortality risk should be used. If the internal model structure is such that Mortality and Longevity risks are modelled together, then for these risks only R0270 where these risks are combined, shall be reported.

In general, if cells cannot be sensibly reported an alternative should be selected. For example, if an undertaking cannot separate trend, level or volatility modelling within a submodule, then information should be provided at the corresponding aggregate level.

| CODE   | ITEM   | INSTRUCTIONS   |
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| <i>OPTION 1 – LIFE RISK</i>                              |  |  |
| C0010/R0010, R0060,<br>R0250, R0270<br>C0030-C0040/R0110 | Net Best Estimate liability + Technical provisions calculated as a whole | Best estimate shall be reported net of reinsurance and refers to the products of the life insurance portfolio that are sensitive to the relevant risk category. TPs calculated as a whole should be taken in as well.<br><br>The split for disability-morbidity risk aggregate refers to annuities paid out (“APO”) or not (“ANPO”).<br><br>If R0270 is reported then R0010 (Mortality) and R0060 (Longevity) shall not be reported. |
| C0050/R0010, R0060,<br>R0110, R0250, R0270               | Net Written Premiums   | The total of the written premiums net of reinsurance shall be reported for the products of the life insurance portfolio that are sensitive to the relevant risk category.<br><br>If R0270 is reported then R0010 (Mortality) and R0060 (Longevity) shall not be reported.  |

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| C0060/R0010, R0060, R0110, R0250, R0270 | Sum insured                   | <p>The total sum insured shall be reported for the products of the life insurance portfolio that are sensitive to the relevant risk category.</p> <p>If R0270 is reported then R0010 (Mortality) and R0060 (Longevity) shall not be reported.</p>  |
| C0070/R0010-R0270                       | Solvency Capital Requirements | <p>The SCR for the relevant risk category, net of reinsurance.</p> <p>The following explanations apply for C0070 – C0260:</p> <p>For the aggregate risks, the SCR after aggregation over the underlying sub-risks should be reported.</p> <p>For lapse risk the following applies:</p> <ul style="list-style-type: none"> <li>- ‘Lapse’ covers exercising contractual options in a general sense.</li> <li>- Risk of increase in lapse rates (R0170) and decrease of lapse rates (R0180) are lapse risks other than mass lapse risk, where R0170 (R0180) covers the part of the business leading to a loss if lapse rates increase (decrease) as defined in the internal model.</li> <li>- Risk of mass lapse (R0190) is risk of accumulation or catastrophe risk for lapse as defined in the internal model.</li> <li>- ‘Lapse type split (other than mass lapse)’ covers non-mass lapse risk if a split in increase / decrease is not available and offers a split in three rough categories: ‘full surrender’, i.e. termination of the contract, ‘partial surrender’ and ‘other’ exercising of contractual options or ‘Policyholder behaviour’.</li> </ul> <p>If R0270 is reported then R0010 to R0100 shall not be reported.</p> |
| C0080/R0010-R0270                       | Mean                          | <p>The mean of the probability distribution of the net SCR</p> <p>If R0270 is reported then R0010 to R0100 shall not be reported.</p>  |
| C0090/R0010-R0270                       | Standard deviation            | <p>The Standard deviation of the probability distribution of the net SCR</p>   |

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|   |  | If R0270 is reported then R0010 to R0100 shall not be reported.  |
| C0100-C0310/R0010-R0270   | Percentiles from 0.001 to 0.999  | It is expected that the insurance and reinsurance undertakings indicate the amounts of the percentiles required in the table related to the probability distribution obtained based on the simulation process (net of reinsurance and on discounted basis).<br><br>If R0270 is reported then R0010 to R0100 shall not be reported. |
| <p><i>OPTION 2 – LIFE RISK</i></p> <p>To be completed if the internal model only has a split between Trend and Level risk. In that case the following template (S.26.14.01.02) replaces the template above (S.26.14.01.01).</p> |  |  |
| C0010/R0300   | Net Best Estimate liability + Technical provisions calculated as a whole | Catastrophe risk best estimate shall be reported net of reinsurance and refers to the products of the life insurance portfolio that are sensitive to the relevant risk category. TPs calculated as a whole should be taken in as well.   |
| C0050/R0300   | Net Written Premiums   | The total of the net written premiums for catastrophe risk shall be reported for the products of the life insurance portfolio that are sensitive to the relevant risk category.  |
| C0060/R0300   | Sum insured  | The total sum insured for catastrophe risk shall be reported for the products of the life insurance portfolio that are sensitive to the relevant risk category.  |
| C0070/R0280-R0300   | Solvency Capital Requirements  | The SCR for the relevant risk category, net of reinsurance.<br><br>For the aggregate risks, the net SCR after aggregation over the underlying submodules should be reported.   |
| C0080/R0280-R0300   | Mean   | The mean of the probability distribution of the SCR  |
| C0090/R0280-R0300   | Standard deviation   | The Standard deviation of the probability distribution of the net SCR  |
| C0100-C0310/R0280-R0300   | Percentiles from 0.001 to 0.999  | It is expected that the insurance and reinsurance undertakings indicate the amounts of the percentiles required in the table related   |

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|  |  | to the probability distribution obtained based on the simulation process (net of reinsurance and on discounted basis).  |
| <i>OPTION 1 – HEALTH RISK</i>                        |  |   |
| Z0010  | Type of Health risk modelled in Life & Health?                           | In the closed list there are 3 options:<br>SLT, NSLT and SLT+NSLT   |
| C0010/R0310, R0360, R0560<br>C0030-C0040/R0410-R0460 | Net Best Estimate liability + Technical provisions calculated as a whole | Best estimate shall be reported net of reinsurance and refers to the products of the health insurance portfolio that are sensitive to the relevant risk category. TPs calculated as a whole should be taken in as well.<br><br>The split for disability-morbidity risk aggregate refers to annuities paid out (“APO”) or not (“ANPO”).  |
| C0050/R0310, R0360, R0410-R0460, R0560               | Net Written Premiums   | The total of the net written premiums shall be reported for the products of the health insurance portfolio that are sensitive to the relevant risk category.  |
| C0060/R0310, R0360, R0410-R0460, R0560               | Sum insured  | The total sum insured shall be reported for the products of the health insurance portfolio that are sensitive to the relevant risk category.  |
| C0070/R0310-R0570                                    | Solvency Capital Requirements  | The SCR for the relevant risk category, net of reinsurance.<br><br>The following explanations apply for C0070 – C0260:<br><br>For the aggregate risks, the SCR after aggregation over the underlying submodules should be reported.<br><br>For lapse risk the following applies:<br><br>- ‘Lapse’ covers exercising contractual options in a general sense.<br>- Risk of increase in lapse rates (R0480) and decrease of lapse rates (R0490) are lapse risks other than mass lapse risk, where R0480 (R0490) covers the part of the business leading to a loss if lapse rates increase (decrease) as defined in the internal model. |

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|   |  | <p>- Risk of mass lapse (R0500) is risk of accumulation or catastrophe risk for lapse as defined in the internal model.</p> <p>‘Lapse type split (other than mass lapse)’ covers non-mass lapse risk if a split in increase / decrease is not available and offers a split in three rough categories: ‘full surrender’, i.e. termination of the contract, ‘partial surrender’ and ‘other’ exercising of contractual options or ‘Policyholder behaviour’.</p> |
| C0080/R0310-R0570   | Mean   | The mean of the probability distribution of the net SCR  |
| C0090/R0310-R0570   | Standard deviation   | The Standard deviation of the probability distribution of the net SCR  |
| C0100-C0310/R0310-R0570   | Percentiles from 0.001 to 0.999  | It is expected that the insurance and reinsurance undertakings indicate the amounts of the percentiles required in the table related to the probability distribution obtained based on the simulation process (net of reinsurance and on discounted basis).  |
| <p><b>OPTION 2 – HEALTH RISK</b></p> <p>To be completed if the internal model only has a split between Trend and Level risk. In that case the following template (S.26.14.01.05) replaces the template above (S.26.14.01.03).</p> |  |  |
| C0010/R0600   | Net Best Estimate liability + Technical provisions calculated as a whole | <p>Best estimate shall be reported net of reinsurance and refers to the products of the health insurance portfolio that are sensitive to the relevant risk category. TPs calculated as a whole should be taken in as well.</p> <p>The split for disability-morbidity risk aggregate refers to annuities paid out (“APO”) or not (“ANPO”).</p>  |
| C0050/R0600   | Net Written Premiums   | The total of the net written premiums shall be reported for the products of the health insurance portfolio that are sensitive to the relevant risk category.   |
| C0060/R0600   | Sum insured  | The total sum insured shall be reported for the products of the health insurance portfolio that are sensitive to the relevant risk category.   |

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| C0070/R0580-R0600                    | Solvency Capital Requirements  | <p>The SCR for the relevant risk category, net of reinsurance.</p> <p>For the aggregate risks, the net SCR after aggregation over the underlying submodules should be reported.</p>  |
| C0080/R0580-R0600                    | Mean   | The mean of the probability distribution of the net SCR  |
| C0090/R0580-R0600                    | Standard deviation   | The Standard deviation of the probability distribution of the net SCR  |
| C0100-C0310/R0580-R0600              | Percentiles from 0.001 to 0.999  | It is expected that the insurance and reinsurance undertakings indicate the amounts of the percentiles required in the table related to the probability distribution obtained based on the simulation process (net of reinsurance and on discounted basis).  |
| <i>SOLVENCY CAPITAL REQUIREMENTS</i> |  |  |
| C0320/R0610                          | Total undiversified risk: Life underwriting, Health underwriting, Life and Health underwriting | <p>The sum of all (sub-) SCRs.</p> <p>For lapse, please choose the sum as appropriate to the splits presented on the most granular level.</p> <p>Examples: (1) If lapse increase and lapse decrease and mass lapse are available, please sum up these. Irrespectively if the lapse split is additionally available. (2) If mass lapse and lapse split are available and also lapse split sublevels, please take the sum of mass lapse and lapse split. If only sublevels of lapse split are available, please chose those.</p> |
| C0320/R0620                          | Diversification: Life underwriting, Health underwriting, Life and Health underwriting          | <p>The diversification between the sub risks.</p> <p>This amount should be reported as a negative value.</p>   |
| C0320/R0630                          | Diversified risk: Life underwriting,   | The aggregated SCR Life and Health risk after aggregating all sub risks.   |

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| Health underwriting,<br>Life and Health<br>underwriting |
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