

S.15.02 - Only for Variable Annuities - Hedging of guarantees (Old TP-F3B)

General comments:

This Annex contains additional instructions in relation to the templates included in Annex I of this Regulation. The first column of the next table identifies the items to be reported by identifying the columns and lines as showed in the template in Annex I.

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

This template shall only be reported in relation to the direct business by insurance companies 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 VA guarantee, the company with the guarantee shall report this template.

ITEM		INSTRUCTIONS
C0020 (A1A)	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 and for the individual reporting correspond with the ID code reported in S.14.01 (C0010) and S.15.01 (C0020).
C0030 (A1)	Product denomination	Commercial name of product (undertaking-specific)
C0040 (A2)	Type of hedging	The following closed list shall be used: 1 – No hedging 2 – Dynamic hedging 3 – Static hedging 4 - Ad hoc hedging 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.
C0050 (A3)	Delta hedged	The following closed list shall be used: 1 – Delta hedged 2 – Delta not hedged 3 – Delta partially hedged 4 – Guarantee not sensitive to delta. 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.

C0060 (A4)	Rho hedged	<p>The following closed list shall be used:</p> <ol 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>
C0070 (A5)	Gamma hedged	<p>The following closed list shall be used:</p> <ol 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>
C0080 (A6)	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>
C0090 (A7)	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>
C0100 (A8)	Other hedged risks	If other risks are hedged specify their names
C0110 (A9)	Economic result without hedging	<p>The “economic result” the guarantee of the policies have generated during the preceding 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 - expenses incurred to the guarantee - claims due to the guarantee - variation of guarantee technical provisions
C0120 (A10)	Economic result with hedging	<p>If the company is hedging, the preceding result modified by considering the actual result of the 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>