

AAE Survey on application of Risk Mitigating Techniques (RMTs) by Non-Life insurance companies on their underwriting risks

1. To what extent are the following RMTs used for Non-Life insurance underwriting risks (Premium & Reserve risk, CAT risks) in your market / country?

| | Never used | Rarely used | Occasionally used | Commonly used | Don't know |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| • Traditional Reinsurance: Pro rata reinsurance (QS, Surplus) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Traditional Reinsurance: Excess of Loss coverage | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Traditional Reinsurance: Stop-loss | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Traditional Natural Catastrophe covers | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Alternative Risk Transfers: Catastrophe Bonds / Insurance-Linked Securities (ILS) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Retrospective reinsurance solutions: Loss Portfolio Transfer (LPT) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Retrospective reinsurance solutions: Adverse Development Cover (ADC) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Other:

2. How are risk mitigation decisions typically made?

- ☐ Roll forward of prior year arrangements
- ☐ In-depth review of arrangements

Other:

3. What is the typical level of involvement of the following in risk mitigation decisions? (enter a response for each: scale 1 to 5 from high to low involvement)

| | Largely involved 1 | 2 | 3 | 4 | Not involved 5 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| • Board | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • CRO | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Reinsurance managers | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Risk management function | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Actuarial Function | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Business / Risk reporting actuaries | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Other:

4. What are the main reasons insurers use RMTs (rank 1 to 5, 1 most important reason)?

| | Most important reason | | | | Not important |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 1 | 2 | 3 | 4 | 5 |
| • Cost benefits | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Reduce P&L volatility | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Expand the underwriting capacity | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Management of regulatory (or internal) capital position (absolute figure SCR) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Balance sheet / Solvency ratio management | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Management of rating capital position (AM Best / S&P) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Enhancement of investment returns | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Other:

5. How frequently are RMTs structured on the following bases by insurers in your country?

| | Never | Rarely | Occasionally | Commonly | Don't know |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| • Per risk (peril) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • By line of business | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • On aggregate by entity | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • At group level covering more entities | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Other:

6. To what extent are the following RMTs effective to reduce the SCR within the SII Standard Formula framework?

| | Not at all | Limited | Relatively well | Very well | Don't know |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| • Traditional Reinsurance: Pro rata reinsurance (QS, Surplus) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Traditional Reinsurance: Excess of Loss coverage | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Traditional Reinsurance: Stop-loss | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Traditional Natural Catastrophe covers | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Alternative Risk Transfers: Catastrophe Bonds / insurance-linked securities (ILS) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Retrospective reinsurance solutions: Loss Portfolio Transfer (LPT) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Retrospective reinsurance solutions: Adverse Development Cover (ADC) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Other:

Text field

7. To what extent are there differences in effective to reduce the SCR within the SII Standard Formula framework or for partial/internal models?

- ☐ No differences
- ☐ More recognition/effectiveness for Standard model users
- ☐ More recognition/effectiveness for Partial / Internal model users

8. Are the effects of RMTs sufficiently recognized in the different components of the standard formula?

| | Not at all | Limited | Relatively well | Very well | Don't know |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| • Premium risk | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Reserve risk | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Catastrophe risks | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Non-Life Natural cat risks: | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Windstorm | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Earthquake | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Flood | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Hail | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Subsidence | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Non-proportional property reinsurance | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Non-Life Man-made cat risks: | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Motor vehicle liability risk sub-module; | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Marine risk sub-module | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Aviation risk sub-module | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Fire risk sub-module | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Liability risk sub-module | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Credit and suretyship risk sub-module. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| • Sub-module for other non-life catastrophe risk | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

9. Are specific guidelines on the application of risk mitigation measures/techniques in the SCR provided in your country by:

| | Yes | No |
|--|-----------------------|-----------------------|
| • The insurance regulator | <input type="radio"/> | <input type="radio"/> |
| • The insurance industry representative body | <input type="radio"/> | <input type="radio"/> |
| • The actuarial association | <input type="radio"/> | <input type="radio"/> |

Other:

Text field

10. Has Solvency II led to changes in the use of risk mitigation measures/techniques in your market?

☐ Yes

☐ No

If yes please explain what changes have been made:

Text field

11. Please add any other remarks/comments you have.

Text field