Comments to the Discussion Paper on Methodological principles of insurance stress testing	22 July 2019

Responding to this paper

EIOPA welcomes comments on the "Discussion Paper on Methodological principles of insurance stress testing".

Comments are most helpful if they:

- respond to the question stated, where applicable;
- contain a clear rationale; and
- describe any alternatives EIOPA should consider.

Please send your comments to EIOPA in the provided Template for Comments, by email to <**eiopa.stress.test@eiopa.europa.eu**> by **18 October 2019**. Contributions not provided in the template for comments, or sent to a different email address, or after the deadline will not be considered.

Publication of responses

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[1] Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43).

[2] Public Access to Documents (See link: https://eiopa.europa.eu/Pages/SearchResults.aspx?k=filename:Public-Access - (EIOPA-MB-11-051).pdf).

[3] Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

Reference	
Name of the Stakeholder	Actuarial Association of Europe (AAE)
Type of Stakeholder (please delete in the column to the right the categories which do not apply)	Association, Industry, Ministry, Supervisor, EU Organisation, Other
Contact Person	
Email address	
Phone number	
Address	

* Please select: Association, Industry, Ministry, Supervisor, EU Organisation, Other.

Disclosure of comments	
EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. Please indicate if your comments should be treated as confidential, by deleting the word "Public" in the column to the right and leaving only the word "Confidential".	**Public**

Chapter 2

#	Question	Answer
Q.1.	What are your views on the presented stress test elements and their relations? Please elaborate on any relevant elements that have not been covered.	We agree with the described stress test process and elements. An important issue is the scope of the stress test. With regard to macroprudential objectives, a thorough analysis should help to identify sources of risk that might have a material impact on financial stability. Focussing on microprudential objectives it is recommendable to consider the requirements already contained in the Solvency II framework. Undertakings have to identify the most relevant risks their undertaking might be exposed to. Prescribing a methodology might not be helpful in this case.
Q.2.	What are your views on the different stress test objectives and the advantages and disadvantages mentioned?	
Q.3.	What are your views on combining a microprudential stress test with a quantitative assessment of post-stress reactions by insurers to provide additional insight in potential second-round effects?	
Q.4.	What are your views on the definition and recalculation of the baseline for stress test purposes? If a recalculation of the baseline would be requested, what would be the estimated additional resources/costs for this?	For the sake of consistency the use of the same models and perimeters for baseline and stress scenarios is preferable. However, the recalculation of the baseline scenario will inevitably result in extra burden and should be considered in line with the stress test purpose. In case of significant difference with reported figures, some high level reconciliations/explanations should be provided. We strongly recommend not to request recalculation or stress test calculation with models deviating significantly from those used for Solvency II calculations.

		The informative value of a stress test is not a question of the correct baseline but of scenario design.
Q.5.	What are your views on the different time horizon approaches for stress tests purposes? What would be the most appropriate approach in your view in light of the different stress test objectives?	Deriving sensible metrics for a five years' period seems very challenging. When applying a multi-period scenario, at most a three-year period seems feasible and the specifications should allow for reasonable simplifications such as implementing each year as a one-year instantaneous shock with modified perimeters at the starting point.
Q.6.	What are your views on the treatment of management actions in the context of a stress test exercise?	Management actions as a reaction to adverse scenarios are defined within Solvency II in line with the requirements of the framework: e.g. Article 23 of the Delegated Regulation. They should also be allowed for stress test purposes.
Q.7.	What are your views on requesting post-stress calculations both with and without management actions?	From a theoretical perspective It would allow comparability and could provide a more realistic view on the companies' risk profile. As companies will always react on extreme events this could also provide an idea of a potential leeway for the European economy and potential cross industry effects with additional insights for macroprudential analysis.

However, in reality and in consideration of different portfolios it will be very difficult to design scenarios and give guidance for relevant management actions in such a way that the results will be meaningful on an aggregate level. Participating life insurance requires the use of management actions. |
| **Q.8.** | Please provide your view on the distinction and different treatment of embedded management actions and reactive post-stress management actions | The embedded and reactive post-stress management actions are likely to be dependant making comparisons difficult in the absence of clear guidelines.

Reactive post-stress management actions need further consideration:

- To aggregate results, they should be implemented one by one |

| | | | | Another management action could be derisking by transferring/selling some business evidencing that some insurance coverage would not be offered anymore |
|---|---|---|
| **Q.9.** | Which elements in your view can/should be limited in the embedded management actions to enhance the comparability of the post-stress results? | |
| **Q.10.** | Please elaborate on the key elements of the technical information that would be required in order to implement potential limitations to embedded actions (content, scope, granularity etc.). | |
| **Q.11.** | Please elaborate on the feasibility (e.g. time and effort needed for the implementation) of the potential limitation to embedded management actions to calculate post stress positions. | |
| **Q.12.** | What are your views on the 3 possibilities for future EIOPA stress test exercises summarized in Table 2 8? | Management actions: Instead of repeating stress test calculations with and without management actions we believe that it is useful to disclose qualitative information about the impact of management actions. |
| **Q.13.** | Do you have any further considerations regarding the potential evolution of future EIOPA stress test exercises? | |
| | Do you have general comments, remarks, suggestion on Chapter 2? | |

Chapter 3

#	Question	Answer
Q.14.	What is your view on the appropriate scope for a stress test exercise? Do you agree with the advantages and disadvantages of the different approaches?	
Q.15.	What are your views on the metrics to be used for defining the scope for solos and groups, respectively?	
Q.16.	What are the main challenges (if any) to assess the post-stress position of a synthetic group?	We deem processing Stress Test results for a synthetic group to be more difficult than those for the whole group given that simplifications can be applied.
	Do you have general comments, remarks, suggestion on Chapter 3?	

Chapter 4

#	Question	Answer
Q.17.	What are your views on the historical versus forward looking approach? Do you envisage additional advantages / disadvantages on top of the ones listed?	
Q.18.	What is your view on the consistency of the scenarios with the Solvency II framework versus market compatible scenarios for the purpose of a stress test, in particular for the treatment of the RFR parameters?	
Q.19.	What are your views on using single risk factors, single scenarios or combined scenarios for the purpose of a stress test?	
Q.20.	What are your views on having combined scenarios, but allowing the identification of the single shocks in isolation (for instance impact of market and insurance shocks shown separately)?	This should be the preferred approach to combine advantages of both methods. The consultation does not provide detailed information on how to calibrate the dependence between shocks in a combined scenario approach. The AAE would be happy to support the further analysis.
Q.21.	What is your view on the bucketing approach for market shocks? Does a bucketing approach reduce the operational burden for the application of the shocks?	We are in favour of bucketing as it may reduce operational burden significantly.
Q.22.	What is your view on the possible approaches to climate stress testing?	
Q.23.	What would be appropriate metrics to assess transition risk in assets?	
Q.24.	What level of granularity would be needed in your view (i.e. industry level, underlying technology level, asset level)? Please distinguish	

	between different asset categories if possible (i.e. equities, government bonds, corporate bonds, real estate)	
Q.25.	How could climate related shocks be calibrated (please distinguish between physical risks and transition risks in your answer)? What data sources could be considered?	
Q.26.	Do you have any further considerations on the inclusion of climate related risks in EIOPA's stress testing framework?	We believe that care should be taken when undertaking stress tests on climate change - The understanding of climate related risk is an on-going journey and the details of the scenario (in terms of narrative, level, time horizon, etc) will evolve over time. The physical risk of climate change can be an extension of existing risk categories such as catastrophe risk (e.g. flood risk) and this should be taken into account when measuring this risk. A climate-related single scenario or even a single risk factor stress test which are in some way driven by climate change could be performed, like the NatCat scenario of EIOPA's 2018 Insurance Stress Test exercise - Climate risk manifest themselves in risk categories already considered and adding a climate risk scenario could give the wrong impression that the resulting risks are different from those already considered If necessary, a climate-related single scenario or even a single risk factor stress test which are in some way driven by climate change could be performed, like the NatCat scenario of EIOPA's 2018 Insurance Stress Test exercise.
	Do you have general comments, remarks, suggestion on Chapter 4?	

Chapter 5

#	Question	Answer
Q.27	What are your views on the calibration and application of the shocks to fixed income assets? Do you think that the proposed specifications are sufficiently detailed? If not please provide suggestion on how to improve the guidance.	We would expect a shock on sovereign bonds: fluctuations in these spreads are observed on a daily basis, so a stress scenario *should* capture extreme variations in these spreads. We also note that in the internal stress testing exercises for banks, these spreads are shocked. The proposed specifications seem suitable and sufficiently detailed. With regard to point 120*: "Bond issued by supra-national or multi-national organizations [..] are not subject to specific shocks to yields.":* As a simplification this is suitable, considering the effort necessary to determine (usually low) shocks for all kind of multi-national organisations.
Q.28	With regard to the derivation of the shocks to different maturities do you have different solutions to propose?	
Q.29	What are your views on the shocks to equities?	Equity shocks seem reasonable. One potential issue could arise in case of large single-name equity positions. Then the risk might be more than the "aggregated" regional index shock. Potentially a concentration correction could be applied The specifications as relative shocks by country is generally suitable. *"124 In case of equities listed in more than one stock exchange…":* Specifications should not be too granular. Using the country of the main stock exchange should be sufficient. It is not reasonable to examine every single equity before being able to start with the stress test, just to decide which country is relevant. Companies should be allowed to rely on the country-code used in their system.

Q.30	What are your views on treating Equity unlisted [R0120] according to the shocks prescribed to listed equities? Do you consider the approximation reasonable?	This simplifications seems reasonable, probably overestimating risks.
Q.31	What are your views on the shocks to real estate?	The specification seems suitable.
Q.32	What are your views on the treatment of property, plant and equipment held for own use?	
Q.33	Are RMBS yields the proper index to treat Loans and mortgages ([R0230])? Is an additional granularity needed to treat the sub-items of the loan and mortgages category (i.e. Loans on policies, Loans and mortgages to individuals, Other loans and mortgages)? If yes, please provide suggestions for fitting indices.	**Mortgage loans** It should be noted that mortgage loan yields have remained relatively stable over past crises periods. Applying RMBS shocks will most likely overestimate the risks for mortgage loans. We argue that **covered bonds constitute a better proxy for mortgage loans**. The graph below provides the yields of mortgage loans and covered bonds over the past crisis periods, including the 2007-2008 financial crisis and the 2011-2012 sovereign debt crisis. Both yield series are highly correlated and present relatively stable yields. - The mortgage loan yields are obtained from the ECB Statistical Data Warehouse, Lending for house purchase excluding revolving loans and overdrafts, convenience and extended credit card debt, Over 10 years. Key MIR.M.U2.B.A2C.P.R.A.2250.EUR.N. Monthly data from January 2003 up to June 2019. - Covered bond yields are obtained from Markit, index iBoxx € Covered annual yield, ISIN DE0007670119, monthly data from January 2003 up to June 2019.
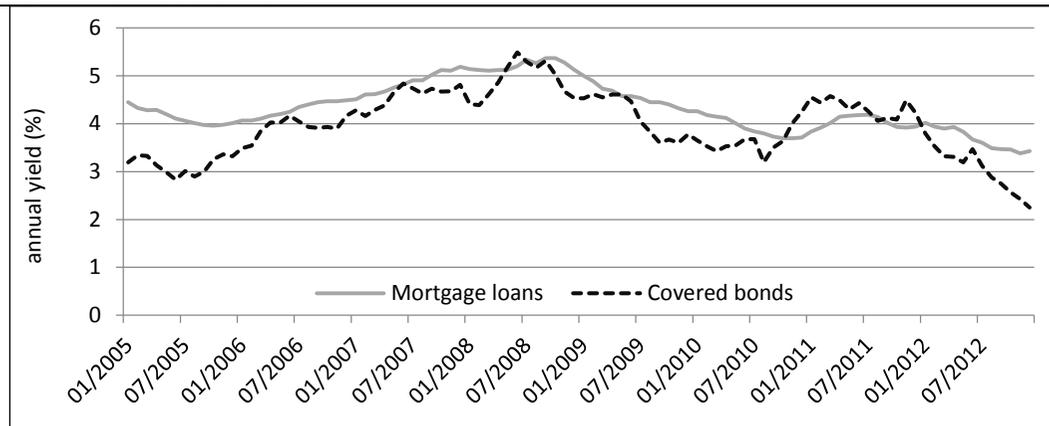
The relationship between the yields of mortgage loans and covered bonds can be quantified through the Pearson correlation and Spearman's rho. The table below displays dependence statistics for:

- yield levels of mortgage loans and covered bonds
- Δyields: the first difference of yields at a 1 year interval
- Δspreads: the first difference of spreads at a 1 year interval, with spreads measured as the difference between yields and the interest rate swaps of the corresponding maturity. Spread statistics are displayed for the years 2007-2013 i.e. periods with higher spread volatility.

	yield	Δyield	Δspread
Pearson correlation	95.0%	72.1%	60.2%
Spearman's rho	88.8%	73.7%	63.5%

The high correlation of Δyields indicates that yield shocks of mortgage loans may indeed be proxied by covered bonds. The tables below provide the upper quantiles of yield and spread shocks for mortgage loans and covered bonds. Yield and spread shocks for mortgage loans and covered bonds are of comparable size. Covered bond yield and spread shocks appear to be a prudent estimate for mortgage loans.
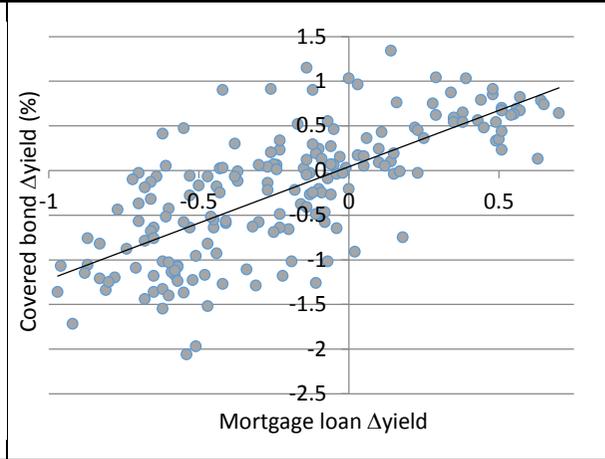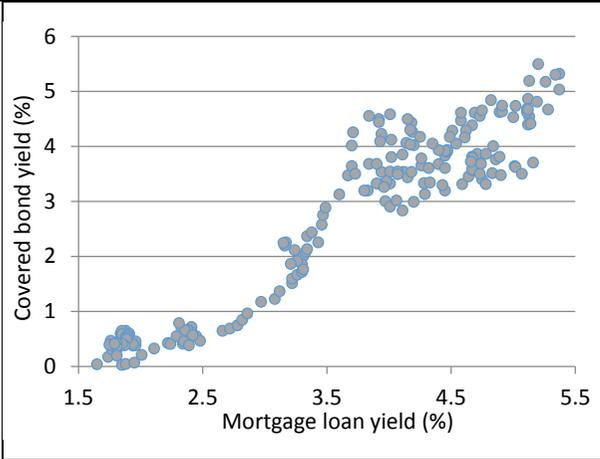
Quantile	Mortgage loan Δyield	Covered bond Δyield		Quantile	Mortgage loan Δspread	Covered bond Δspread
99.5%	0.65%	1.16%		99.5%	1.34%	1.55%
99.0%	0.64%	1.06%		99.0%	1.24%	1.52%
95.0%	0.51%	0.89%		95.0%	0.81%	0.91%
90.0%	0.45%	0.70%		90.0%	0.59%	0.57%

The scatterplots presented below seem to indicate that high yields (Δyields) of mortgage loans are paired with high yields (Δyields) of covered bonds. This can be quantified through the estimator of upper tail dependence:
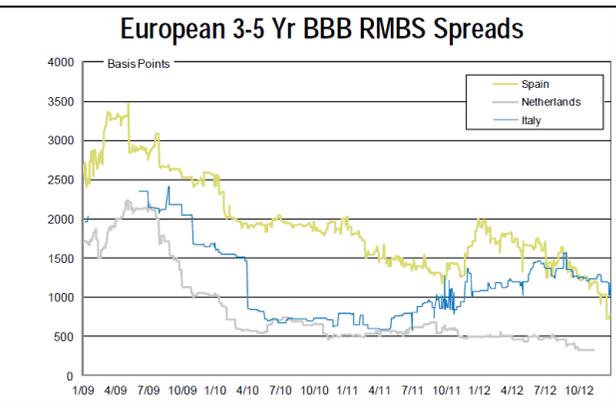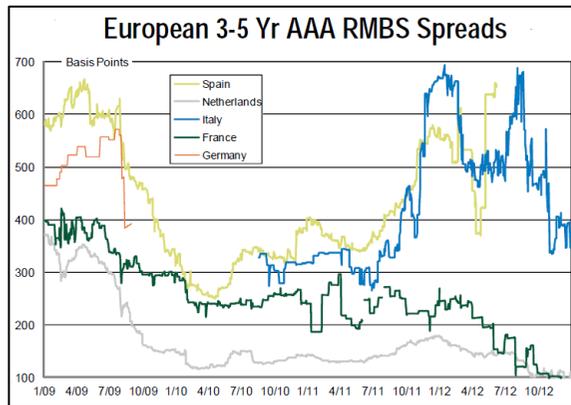
$$\hat{\lambda}(u) = \frac{\sum_{i=1}^{n} \mathbf{1}\left(X_i > \hat{F}_X^{-1}(u), Y_i > \hat{F}_Y^{-1}(u)\right)}{\sum_{i=1}^{n} \mathbf{1}\left(X_i > \hat{F}_X^{-1}(u)\right)}$$

The tail dependence statistics presented in the table below demonstrate a high dependence in the upper tails of yields and Δyields for mortgage loans vs. covered bonds:

Mortgage loan – covered bond yield tail dependence		Mortgage loan – covered bond Δyield tail dependence	
u	$\hat{\lambda}(u)$	u	$\hat{\lambda}(u)$
95%	66.7%	80%	73.0%
90%	68.4%	75%	74.5%

RMBS yields and spreads have historically shown a very important volatility, both during the financial crisis as well as the sovereign debt crisis, as displayed in the figures below. Hence, RMBS yields may not be an appropriate proxy for mortgage loans. Data in the graph below is obtained from Markit iBoxx and the AFME Securitisation Data Report.

Loans on policies

		A loan on policy is a contract whereby an insurance undertaking issues a loan and retains the reserves of the policyholder's life insurance as collateral. Hence, **loans on policies are essentially risk-free**, as the loans are fully covered by collateral managed by the insurance undertaking. RMBS spread or yield shocks would significantly overestimate the risk of loans on policies. A zero spread shock appears to be the only meaningful spread calibration for loans on policies. Alternatively, a AAA (covered) bond shock could be used as a conservative proxy.
Q.34	Do you envisage potential constraints in the application of a look-through approach?	For collective investment undertakings investing in bonds where a full look-through is not possible, approximations have to be made, based on available data.
Q.35	What is your view on the shocks to type 1 Exposures? Do you consider the shocks to counterparties sufficiently specified? If not please provide indication on how to improve the specification.	
Q.36	What are your views on the calibration and application of the mortality/longevity shocks?	General remark on life insurance shock: para 151 refers to clustering portfolio to avoid compensation in own funds directions across portfolio. We believe that it should be more explicit whether a "cap approach" (i.e. only own funds decrease and which level) would apply for life shocks but also for stress testing purposes in general.

Some of the discussed calibration models seem to be relevant more from an academic perspective, e.g. separation concerning remaining term of maturity. Stochastic modelling could be interesting but for stress scenarios an average stress factor for the whole mortality table seems to be sufficient and also in line with the risk approach in the Solvency II context. Additionally, more granular approaches would create high expenditures with regard to projection tool adjustments which are not necessary. Levels for stress scenarios should be determined for whole markets (countries). This should be calibrated by EIOPA to get a common base for the stress calculations. |

Q.37	Can you suggest any time-series to be used to calibrate the shock to lapse?	In the German market lapse rates are published within the local GAAP reporting. The history is available for many years (lapse data via BaFin since 1987 for life and health companies and by the association of German private healthcare insurers since 1995). The lapse rate available is the overall lapse rate on company level without further segmentation.
Q.38	What are your views on the described approaches to the application of the lapse shocks?	Combining "standard formula" and "classification" could result in a bucketing approach taking into account product features. The right granularity level on classification with respect to product type/fiscality/penalty/level of guarantee should be defined in order to keep the allocation simple. The mass lapse scenario should also include a liquidity assessment. All approaches are basically appropriate to use for stress test scenarios. The standard formula approach is in line with the SII guidelines, however has extensive calculation needs. The classification approach option 1 can be seen as a qualitative approximation on product level of the standard formula and should be possible to be implemented in a reasonable timeframe within stress test calculations. The classification approach option 2 and the uniform approach introduce rational investment behavior, and therefore will add a new criteria and perspective which is currently not used.
Q.39	What are the main theoretical and operational issues you envisage in the application of the "standard formula" approach?	Operational issue: The standard formula approach seems to be as too ambitious (too much calculation and implementation needs) to be used within the EIOPA stress tests scenarios.
Q.40	What are the main theoretical and operational issues you envisage in the application of the classification approach based on product characteristics (option 1 in the classification approach)?	Operational issue: This approach could be implemented with less calculation needs compared to the standard formula approach. If the product has biometric riders for e.g. disability the sensitivity should always be one notch lower.

Q.41	Does the proposed classification approach based on product characteristics fits your liability portfolio? If not please suggest a different classification.	Outstanding balance insurance should be added in the mapping with a high sensitivity to interest rate levels.

For Germany the segmentations fits to the portfolio. There is value in splitting Health products into "Health with life insurance characteristics" and "Health with non-life insurance characteristics". |
Q.42	What are the main theoretical and operational issues you envisage in the application of the classification approach based on guaranteed rate / penalties (option 2 in the classification approach)?	It might be challenging to define a level of rational investment behavior of policyholder. Given the current financial environment, it is difficult to observe rational investment behavior e.g. in the German market.
Q.43	Is the technical rate a proper reference to assess the level of the guarantee? If not do you have other suggestions?	For with-profit exposure in the portfolio of life insurers the technical interest can serve as a proper criterion to assess the level of the guarantee. However, potential rational investment behavior depends on the overall interest level paid to the policyholder, which can include significant bonus payments. Therefore, the criteria to determine the lapse behavior should be the overall return for the policyholders. As the overall interest level is time- and path-dependent a bucketing is hardly feasible.
Q.44	What are proper thresholds to be applied to the technical rate?	As stated in Q43 the technical rate is not an appropriate driver in order to determine lapse sensitivity.
Q.45	What is in your view a proper criteria to classify the penalties?	The analysis of contract or fiscal penalties seems to be an appropriate criterion to determine policyholder behavior. However, we would suggest not to differentiate between the two categories, but to evaluate the total penalties. This opinion is based on the fact, that if policyholders act in a rational way, they would look at the overall penalties and would not distinguish between the source of penalty, taking also possible tax disadvantages into account.

Q.46	Do you have other suggestion to classify the life portfolio in the light of a lapse shock?	
Q.47	What are your views on the calibration and application of the life expense shock? What data sources could be used to calibrate the shocks?	We agree that some costs are affected by exogenous factors and others by internal factors. An important external factor is – as described in the consultation paper – certainly inflation as one indicator of the current state of the economy. Costs that are sensitive to inflation rates should be stressed with a single inflation factor. This factor should be calculated and provided by EIOPA on the basis of historical economic data. Non-inflatory expenses should not be subject to inflation stress. However, separate stress factors should not be defined for all types of costs, as this increases the calculation effort disproportionately. In addition, the gain in knowledge for many different stress factors would be comparatively small, so that a reduction to as few global stress factors as possible seems appropriate to us.
Q.48	What are your views on other life risk shocks, in particular regarding morbidity and disability shocks, revision shocks and/or pandemic shocks in a stress test? What data sources could be used to calibrate the shocks?	In our opinion, disability shocks could be modelled and calibrated in general similarly to mortality shocks calibrated in line with the Solvency II approach. Pandemic shocks: The risk of pandemics is closely related to the mortality risk (albeit to a much lesser extent) and can only be modelled, if at all, by drawing conclusions from events such as regional flu epidemics or the American opioid crisis. In our opinion, however, a separate pandemic shock should not have a particularly large impact on the outcome of a stress test and we recommend the inclusion of pandemic risks solely in the calibration of the mortality shock.
Q.49	What is your view on the Scenario based approach versus the Standard formula based approach?	This depends heavily on the exposure of the respective company. For example, the exposure of an international established reinsurer with US hurricane exposure will be very different to a small retail insurer in Germany, exposed to windstorm Germany. This should be taken into account for the calculation, in the context of materiality.
Q.50	What is your view on the approach to the application of the Shocks: A) claim disbursement;	Under the one-year SII point of view, most of the damage should still be paid out of the reserve. Therefore, we would prefer the variant B.

	B) full reserve presented on the claim disbursement?	
Q.51	What is your view on the options presented on the treatment of the reinsurance recoverables?	a) analogous to Q. 50 b) reinsurance default could be possible, however we have a scenario consisting of natural catastrophe and reinsurance default risk jointly.
Q.52	Do you have suggestions on the treatment of the post-stress DTA/DTL and on potential controls to be applied?	
Q.53	Do you consider the information provided sufficient for a revaluation of the post stress position on derivatives? If not please provide indications on the missing information.	The information seems sufficient.
Q.54	What are your views on the general approach to simplifications and the materiality criteria?	We welcome proposals for simplifications. Additionally we agree to materiality criteria. But the list in the document with the criteria should not be understand as a final one.
Q.55	What are your views on the proposed simplifications for the post-stress LACDT? Do you agree with the rough assessment of the post-stress LACDT with the pre-stress net DTL? If not please provide different approach to identify potential miscalculations of the LACDT	
Q.56	What are your views on the possible simplifications for the use of regression techniques post-stress? In your answer please clearly distinguish between theoretical principles and the viable (in terms of feasibility) solutions in the context of a Stress Test exercise.	We support the additional considerations on the use of regression techniques included in the discussion paper. It needs to be noted that the use of regression techniques such as replicating portfolios without recalibration might potentially not be optimal in cases where severe shifted market levels compared to the base case are prescribed as part of a stress test (same holds for e.g. sensitivity instruments used to approximate the behaviour of specific assets or liability categories). For entities using fitting techniques like LSMC it should be also noted that in case the stress scenario is near the fitting

		range of the training scenarios possible simplifications might fail. In these cases both timeline and specifications need to consider the possibility for undertakings to make a full bottom-up recalculation, especially to improve reliability and comparability of results.
Q.57	In case of a scaling approach what are the proper parameters to estimate the post-stress loss distributions?	The proper parameters depend on the structure of the portfolio (e.g. business mix, guarantee mix) and the inherent nature of the business. For that reason there are no common parameters which hold for all types of business.
Q.58	In case of a full recalibration of the regression techniques against stressed conditions what are the parameters you may need as an input? Would the addition of other price categories in the list of asset shocks and the volatility surface reassessment under stressed situation be enough to re-calibrate your different tools?	
Q.59	What are your views on the extra resources required to achieve a full and complete recalibration? Please quantify the amount of days involved and how important the expert judgement is.	A full bottom-up recalculation will impact IT and personnel resources and the timelines need to be properly planned especially with respect to parallel activities (closing runs, model change testing activities). Expert judgement is an integrated element of the application of each regression techniques This application of expert judgement is subject to a strict governance process including definition of quality criteria in line with internal model standards. In cases of very severe market shocks one might observe that the replication quality will be lower with respect to these quality criteria.
Q.60	What are your views on the proposed simplifications for the use of LTG and transitional measures post-stress?	With regard to Long Term Guarantees and Transitional measures, we have no further comments. Simplifications seem useful.
Q.61	What are your views on the proposed simplifications for the calculation of the post-stress risk margin?	The proposed simplification of using the RM simplification one level below in the hierarchy might not make sense, especially if methods 3 or 4 would be used not capturing properly the discount impact next to the SCR projection. The balance between time saved and loss of accuracy might not be respected especially if the RM is an important validation check as indicated under 6.2.3. No comments on the proposed simplifications for the calculation of the post-stress risk margin. However in addition to the mentioned simplification in para. 258 it should also be allowed to

		calculate the post-stress RM by multiplying the baseline RM with the ratio of the relevant post-stress SCR and baseline SCR.
Q.62	What are your views on the group consolidated based approach? Do you agree with the drawbacks presented on the group consolidated based approach? If not can you provide ideas on how to allow a proper validation of the results?	
Q.63	What would be in your view a proper approach to define model points? (please provide concrete examples)	
Q.64	What would be in your view a proper approach to validate the best estimate produced via model points? (please provide concrete examples)	
Q.65	Do you envisage any other approach to simplify the consolidation at group level?	
	Do you have general comments, remarks, suggestion on Chapter 5?	

Chapter 6

#	Question	Answer
Q.66.	What is your view on the overall approach of validation and the different types of validations?	Para 268 rightly mentions that information requested in the ST may be quantitative and/or qualitative. We believe that some guidelines on methodologies underlying qualitative assessment would also be useful. We agree with the different levels of validation. Yet, the higher the level the more information of the undertakings is required. This ought not to lead to excessive data collection.
Q.67.	What is your view on the approach used for the validation of the Best Estimate under stressed situation using cash flow values and their evolution under stressed situation? Which additional parameters would you suggest to improve the framework?	
Q.68.	What is your view on a common approach for the Risk Margin estimation even used in Baseline calculations? Which drawback would you envisage if a "Base RM" is used as a control variable?	
Q.69.	Do you have any further considerations on validations which could improve the level playing field?	
	Do you have general comments, remarks, suggestion on Chapter 6?	