Ujawnienia w SFCR

Wymogi
Praktyka w Polsce na tle praktyki europejskiej

Kamil Jóźwik

30 listopada 2017 r.

Seminarium Polskiej Izby Ubezpieczeń
„Zamknięcie Roku 2017”

Cel prezentacji

- Omówienie wybranych wymogów ujawnieniowych w sprawozdaniu o wypłacalności i kondycji finansowej („SFCR”)
- Przegląd praktyki dotyczącej tych ujawnień zastosowanej przez wybrane zakłady ubezpieczeń w Polsce w SFCR za 2016 r.
- Porównanie polskiej praktyki z podejściem zastosowanym przez wybrane zakłady ubezpieczeń w Unii Europejskiej w powyższym zakresie

Plan Prezentacji

Metodologia analizy

Metodologia analizy

- Analiza została wykonana w oparciu o:
  - sprawozdania o wypłacalności i kondycji finansowej 10 losowo wybranych zakładów ubezpieczeń na życie i 10 losowo wybranych zakładów ubezpieczeń działu II w Polsce (dalej „POLSKA”)
  - 5 losowo wybranych SFCR europejskich zakładów ubezpieczeń (dalej „UE”)
- Wybór ujawnień będących przedmiotem niniejszej analizy jest wyborem autorskim KPMG i został oparty na konkluzjach i obserwacjach poczynionych przez KPMG w trakcie badań SFCR w 2016 r.

Metodologia analizy

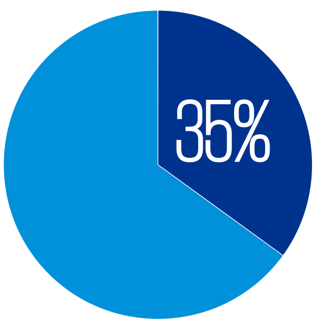
Lp.	Zakłady działu I
1	OPEN LIFE TU ŻYCIE S.A.
2	NATIONALE-NEDERLANDEN TUnŻ S.A.
3	TU na ŻYCIE EUROPA S.A.
4	GENERALI ŻYCIE T.U. S.A.
5	METLIFE TUnŻiR S.A.
6	COMPENSA TU na ŻYCIE S.A. VIG
7	PKO ŻYCIE TU S.A.
8	AEGON TU na ŻYCIE S.A.
9	TUnŻ CARDIF POLSKA S.A.
10	POCZTOWE TUnŻ S.A.

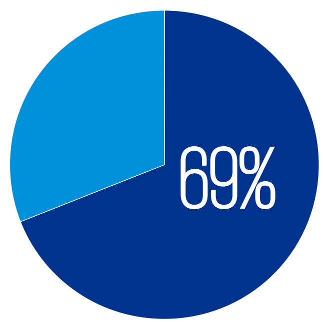
Lp.	Zakłady działu II
1	PZU SA
2	STU ERGO HESTIA SA
3	TUiR WARTA S.A.
4	GENERALI T.U. S.A.
5	GOTHAER TU S.A.
6	CONCORDIA POLSKA TUW
7	PTR S.A.
8	TU INTER POLSKA S.A.
9	SIGNAL IDUNA POLSKA TU S.A.
10	TU ZDROWIE S.A.

Lp.	Zakłady ubezpieczeń UE
1	Aviva PLC (Grupa Aviva)
2	Munich Re AG (Grupa Munich Re)
3	AXA Insurance UK PLC (Grupa AXA)
4	Allianz Versicherungs-AG (Grupa Allianz)
5	RSA Insurance Ireland DAC (Grupa RSA)

Udział w rynku

HY 2017 GWP

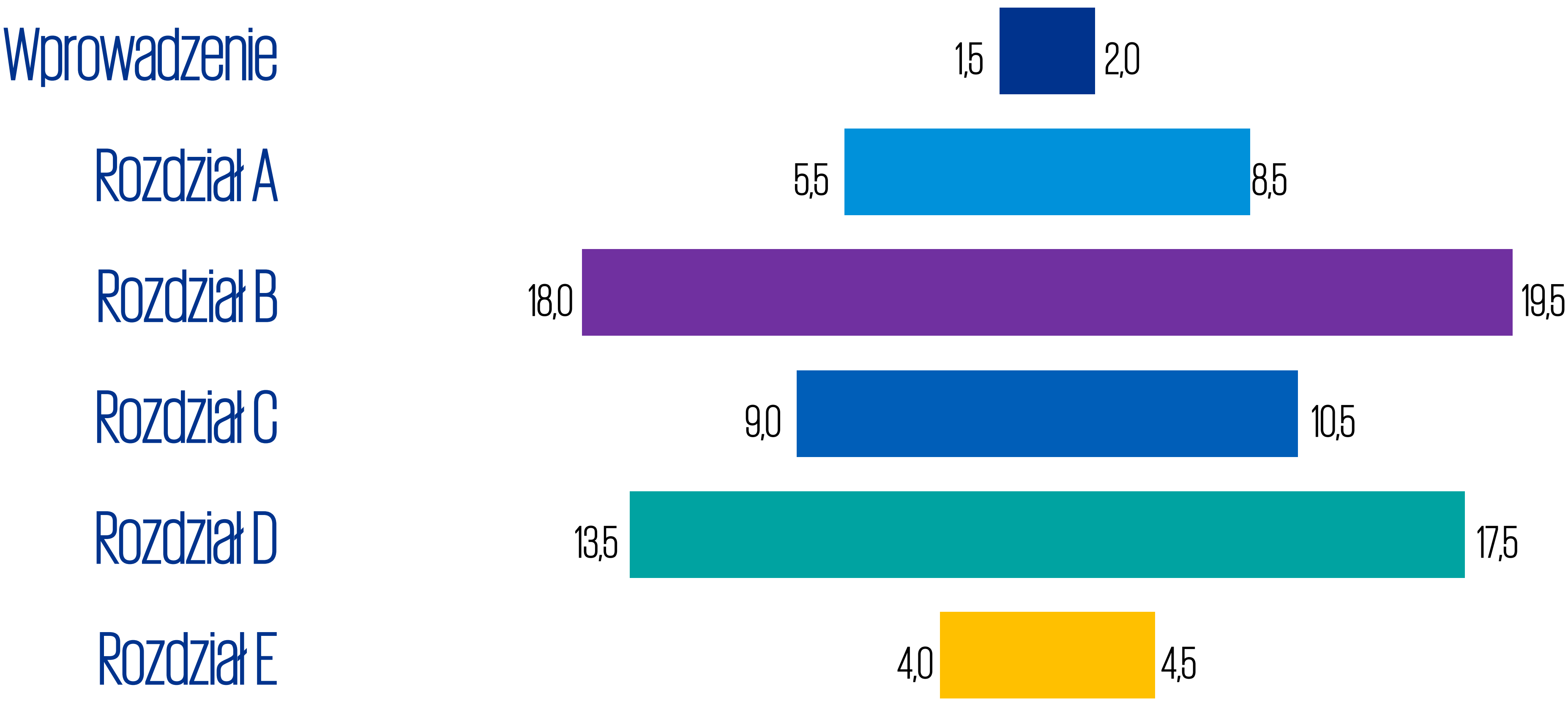




SFCR - ogólny obraz

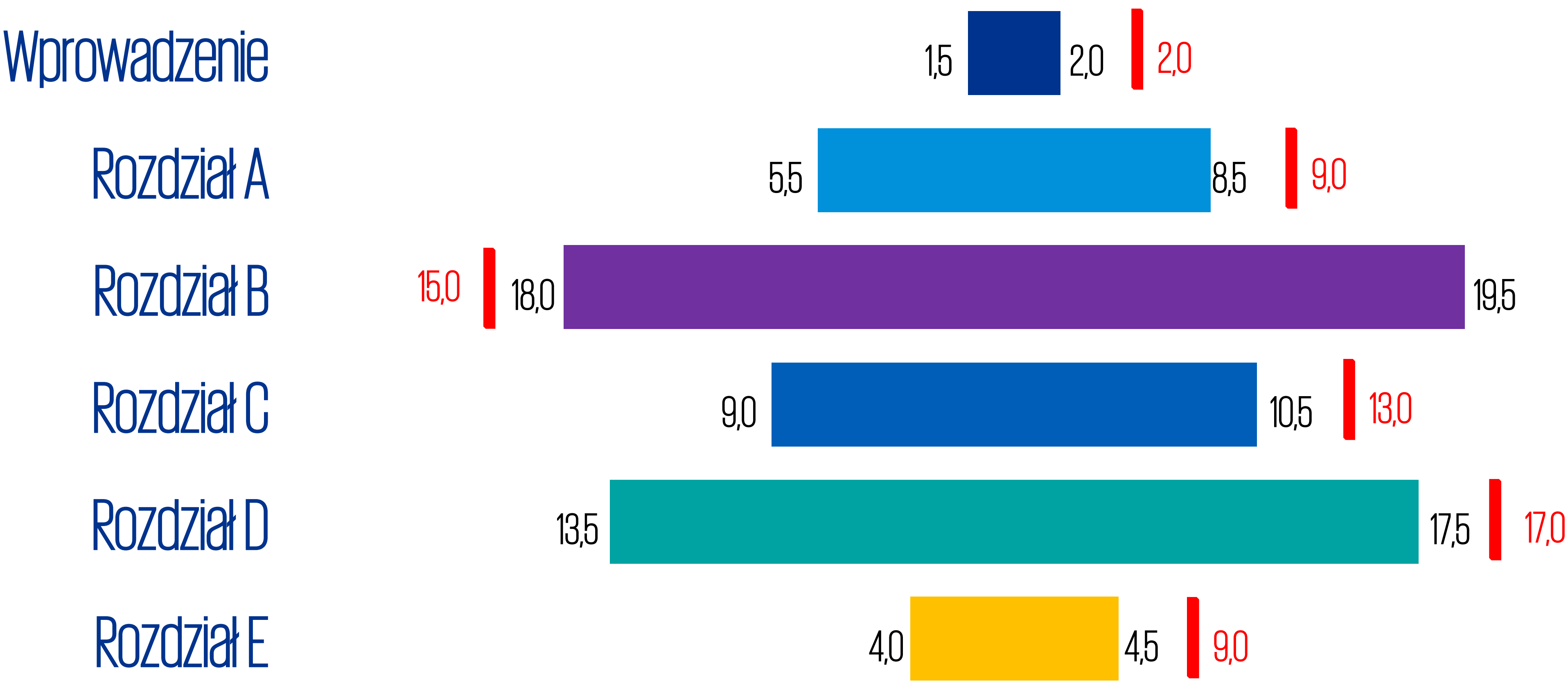
SFCR - ogólny obraz

» **Średnia liczba stron poszczególnych rozdziałów SFCR w Polsce**



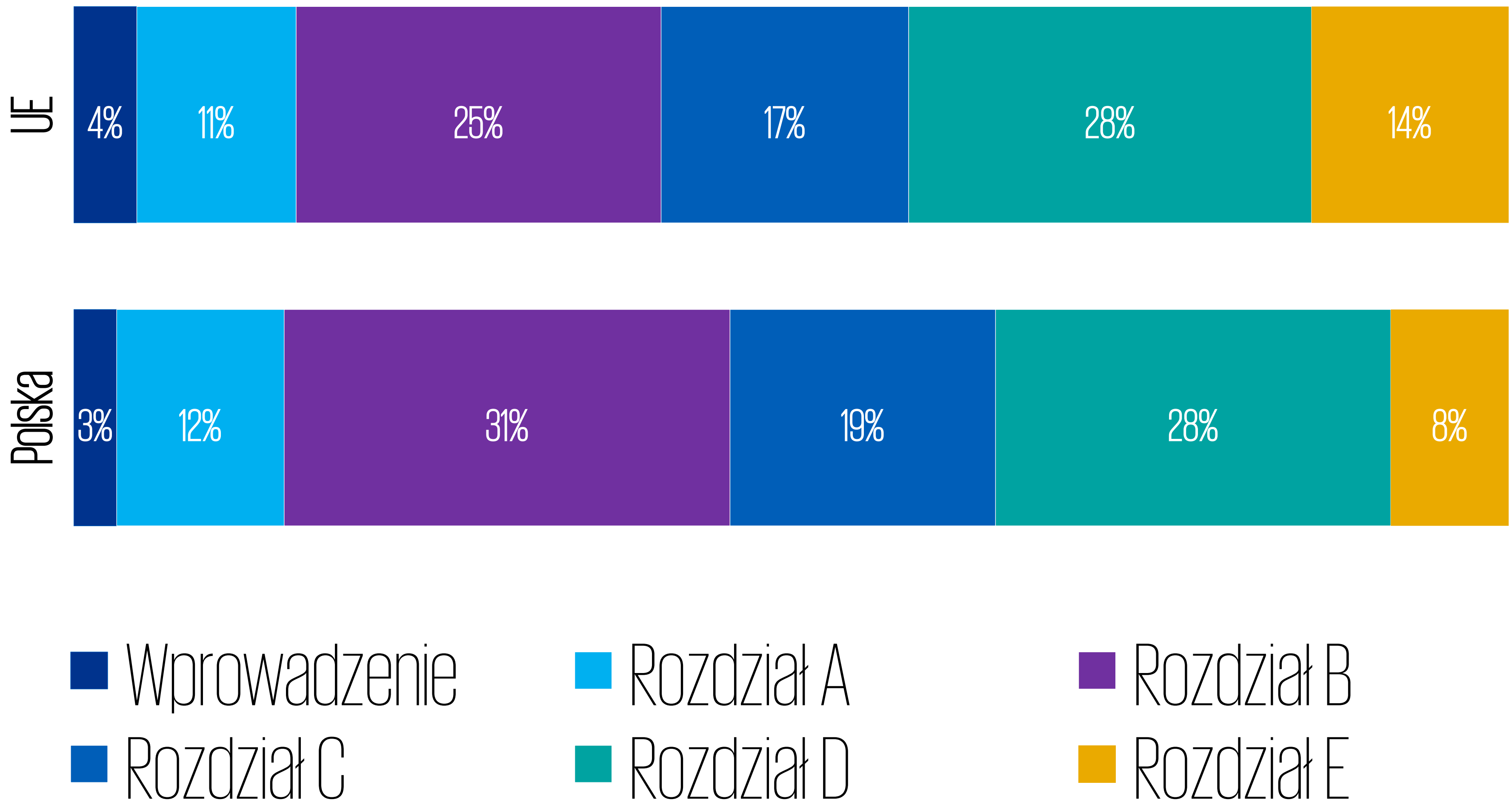
SFCR - ogólny obraz

» Średnia liczba stron poszczególnych rozdziałów SFCR w Polsce i UE



SFCR - ogólny obraz

» Struktura SFCR – Polska vs UE



Analiza ujawnień

Wprowadzenie do SFCR

Wymogi

» Art. 292 Rozporządzenia Delegowanego 2015/35

Podsumowanie

*1. Sprawozdanie na temat wypłacalności i kondycji finansowej zawiera **jasne i zwięzłe podsumowanie**. Podsumowanie sprawozdania musi być **zrozumiałe** dla ubezpieczających i beneficjentów.*

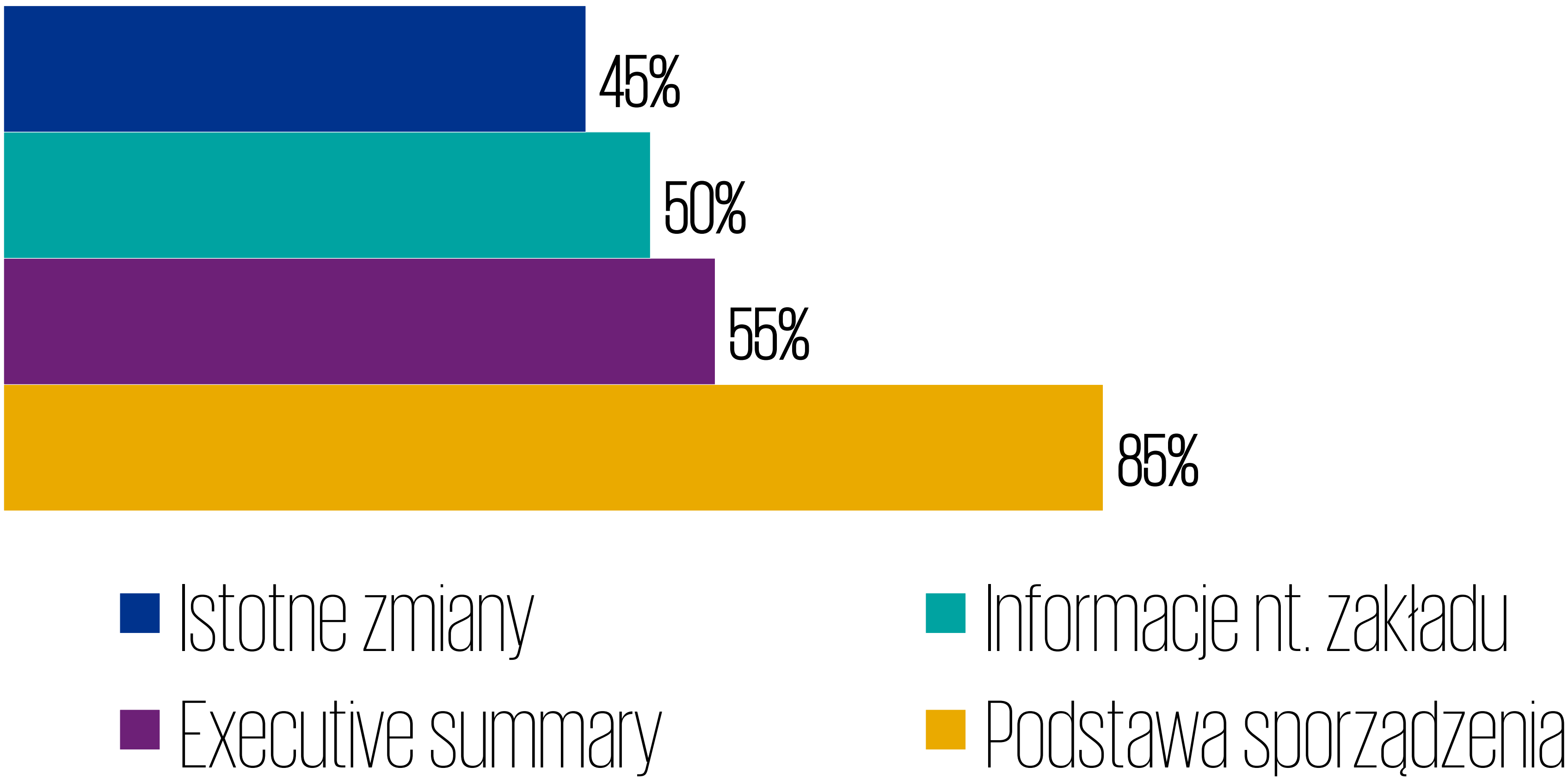
*2. W podsumowaniu sprawozdania podkreśla się wszelkie **istotne zmiany w działalności i wynikach operacyjnych** zakładu ubezpieczeń lub zakładu reasekuracji, jego **systemie zarządzania, profilu ryzyka, wycenie do celów wypłacalności** oraz **zarządzaniu kapitałem**, które zaszły **w okresie sprawozdawczym**.*

Konkluzje - najlepsze praktyki

- Zwięzłe **podsumowanie** (*zarys, streszczenie*) zawartości poszczególnych rozdziałów → tzw. *Executive summary*

- *Wskazanie podstawy sporządzenia SFCR*
- *Krótka informacja na temat zakładu ubezpieczeń*
- *Opis kluczowych zmian, w okresie sprawozdawczym*

Analiza - POLSKA: Zawartość rozdziałów „Podsumowanie"



Analiza - UE

SUMMARY

Pursuant to the Solvency II Regulations, the following is a summary overview of each of the sections required in the Report. Please refer to each of those sections in their entirety, including in each case the materials incorporated by reference therein.

Our business and performance (Section A)

AXA SA is the holding company of the AXA Group, a worldwide leader in insurance and asset management. In 2016, AXA was ranked as the leading global insurance brand for the 8th consecutive year (1) and the AXA Group was the world's largest insurance group (2) with total assets of €893 billion and the world's 9th largest asset manager (3) with total assets under management of €1,429 billion at December 31, 2016.

AXA operates primarily in Europe, North America and the Asia-Pacific Region and, to a lesser extent, in other regions including the Middle East, Latin America and Africa.

AXA has four operating business segments: Life & Savings, Property & Casualty, Asset Management and Banking. In addition, various holding companies within the Group conduct certain non-operating activities.

IFRS INDICATORS

The IFRS indicators presented below are derived from the Consolidated Financial Statements for the year ended December 31, 2016.

The table set out below is only a summary. You should read it in conjunction with the Consolidated Financial Statements included in Part 5 – "Consolidated Financial Statements" of the Annual Report.

(in Euro million)	2016	2015
Income Statement Data		
Revenues	100,193	98,136
Net consolidated income (Group share)	5,829	5,617

(in Euro million except per share data)	2016	2015
Balance Sheet Data		
Total assets	892,783	887,070
Shareholders' equity (Group share)	70,597	68,475
Shareholders' equity per share	25.8	24.3
Dividend per share	1.16	1.10

(1) *Interbrand's Best Global Brands ranking 2016.*

(2) *Ranking in terms of total assets established by AXA based on information available in 2015 annual reports.*

(3) *Ranking in terms of assets under management established by AXA based on information available as of September 30, 2016.*

ACTIVITY AND EARNINGS INDICATORS

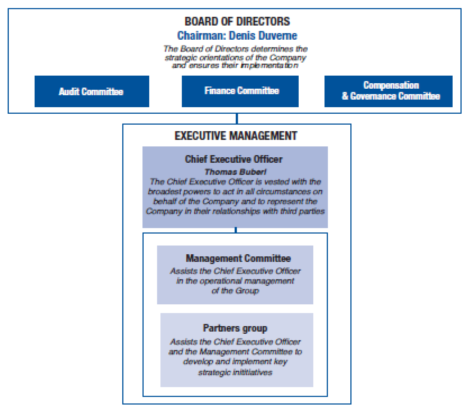
The table set out below presents our key activity and earnings indicators for 2016 and 2015, certain of which constitute APMs. You should read it in conjunction with Section 2.3 "Activity Report" and the Glossary set forth in Appendix VI to the Annual Report.

(in Euro million, except percentages)	2016	2015
Life & Savings Annual Premium Equivalent (APE)	6,600	6,464
Life & Savings New Business Value (NBV)	2,623	2,471
Life & Savings Net Inflows	4,445	6,942
Property & Casualty Combined Ratio	96.5%	96.2%
Asset Management Net Inflows	44,784	44,541
Underlying earnings (Group share)	5,688	5,507
Adjusted earnings (Group share)	6,103	5,940

Our system of governance (Section B)

Following Mr. Henri de Castries's decision to step down from his positions of Chairman and Chief Executive Officer of the AXA Group announced on March 21, 2016, AXA's Board of Directors decided to separate the positions of Chairman and Chief Executive Officer, appointing Mr. Denis Duverne, the former Deputy Chief Executive Officer and member of the Board, as non-executive Chairman and Mr. Thomas Buberl as Chief Executive Officer on September 1, 2016.

AXA's new corporate governance framework is summarized in the following table.



In order to manage the risks to which the Group is exposed, the Group has put in place a comprehensive system of internal controls and Risk Management governance designed to ensure that executives are informed of significant risks on a timely and continuing basis and have the necessary information and tools to appropriately analyze and manage these risks. Such controls include an internal framework with three risk-related lines of defense; the use of the four key functions (Risk Management; compliance; internal audit; and actuarial) as required by the Solvency II Regulations; and a system of internal Risk Management governance designed to ensure that the risks to which the Group is exposed are identified, assessed, monitored and controlled in a timely manner.

Our risk profile (Section C)

The AXA Group is exposed to a wide variety of risks, including underwriting risks, market risks, credit risks, liquidity risks, operational risks and other material risks. The nature of such risks and their impact on the Group's risk profile under various scenarios are in each case set forth in Section C hereof, including by reference to the documents incorporated therein.

Valuation for Solvency Purposes (Section D)

AXA's Solvency II balance sheet is prepared as of December 31, in compliance with the Solvency II Regulations.

Assets and liabilities are valued based on the assumption that the Company will pursue its business as a going concern. Technical provisions are recognized with respect to all of insurance and reinsurance obligations towards policyholders and beneficiaries of insurance or reinsurance contracts. The value of technical provisions corresponds to the current amount that the Group would have to pay if it was to transfer its insurance and reinsurance obligations to another insurance or reinsurance undertaking.

Assets and liabilities, other than technical provisions, are recognized in compliance with IFRS standards and interpretations of the IFRS Interpretations Committee that are endorsed by the European Union before the balance sheet date with a compulsory date of January 1, 2016, provided that those standards and interpretations include valuation methods that are in accordance with the following market consistent valuation approach set out in Article 75 of the Directive:

- assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction;
- liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction (without adjustment to take account of the Company's own credit rating).

Capital Management (Section E)

On November 17, 2015, the Group received approval from the ACPR to use its Internal Model to calculate its Solvency Capital Requirement (SCR) under Solvency II. The Internal Model is designed to allow AXA entities to choose local calibrations which better reflect their local risk profiles and to capture all the material risks to which the Group is exposed. As a result, the Group believes the Internal Model reflects the overall SCR of the AXA Group more faithfully and better aligns the SCR metrics with the Management's decision-making.

The AXA Group Solvency II ratio as of December 31, 2016, published on February 23, 2017, was 197%, within AXA's target range of 170%-230%.

Źródło: SFCR Grupy AXA*

* Zbliżone ujawnienie znajduje się w SFCR AXA Insurance UK PLC

Różnice pomiędzy danymi S2 a lokalnymi SF

Wymogi

» Art. 296 Rozporządzenia Delegowanego 2015/35

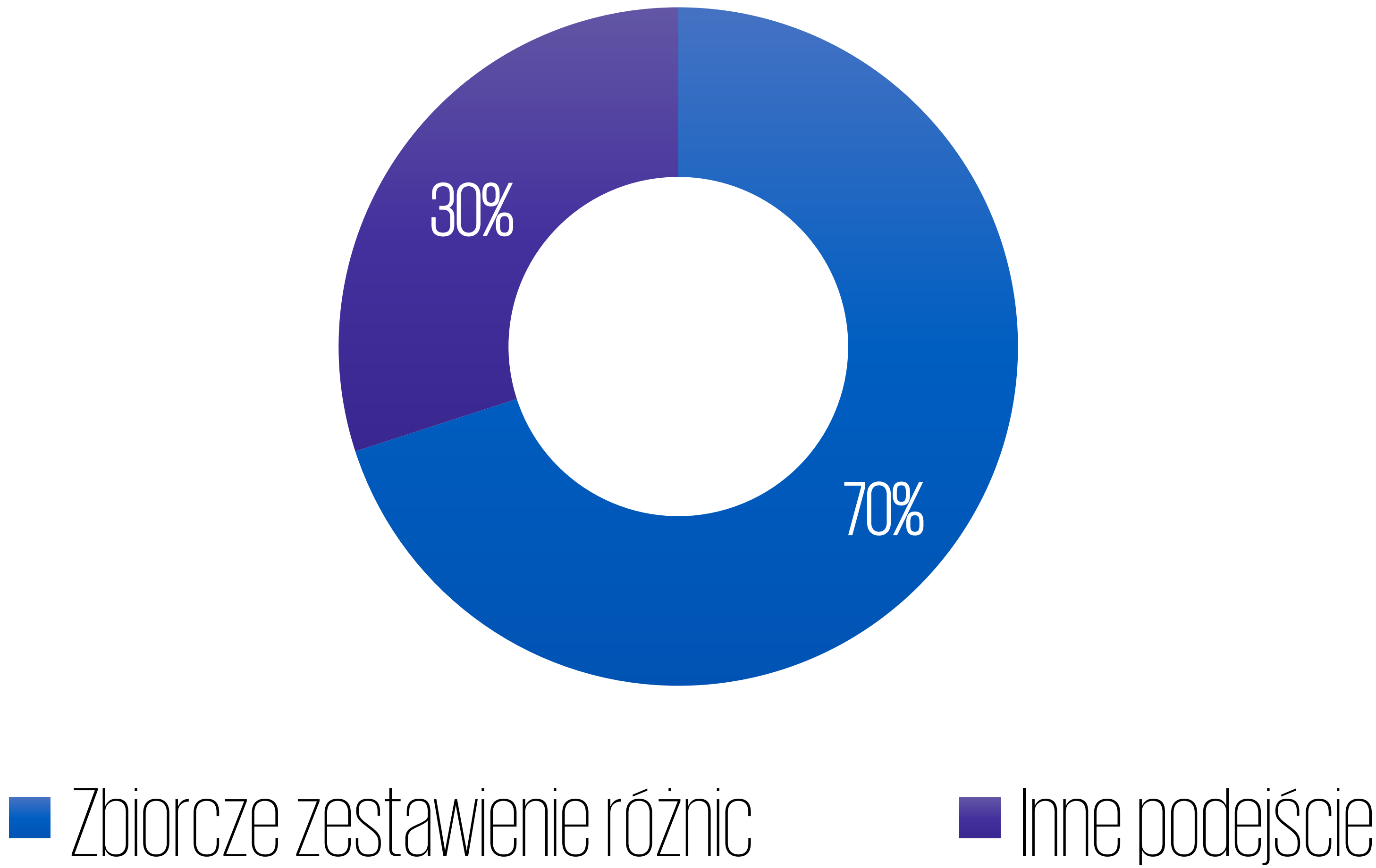
Wycena do celów wypłacalności

*1. Sprawozdanie na temat wypłacalności i kondycji finansowej zawiera wszystkie **następujące informacje** dotyczące wyceny aktywów zakładu ubezpieczeń lub zakładu reasekuracji do celów wypłacalności:*

*b) oddzielnie dla każdej istotnej grupy aktywów: **ilościowe i jakościowe wyjaśnienie** ewentualnych **istotnych różnic pomiędzy podstawami, metodami i głównymi założeniami** stosowanymi przez zakład przy wycenie **do celów wypłacalności a** podstawami, metodami i głównymi założeniami **stosowanymi do wyceny na potrzeby sprawozdań finansowych.***

2 c), 3 b) – analogiczne wymogi odpowiednio dla wyceny rezerw techniczno-ubezpieczeniowych i innych zobowiązań

Analiza - POLSKA: Różnice pomiędzy danymi S2 a lokalnymi SF



Analiza - UE

D.1.2.1 Overview

Solvency II requires assets and liabilities to be valued on a basis that reflects their fair value (described as 'economic valuation') with the exception that liabilities should not be adjusted to take account changes in an insurer's own credit standing.

The Company's financial information is prepared using FRS 101 recognition and measurement bases (which is consistent with IFRS), meaning the valuation of the other assets and liabilities for Solvency II purposes begins with the FRS 101 values and adjusts these for specific differences in valuation between Solvency II and FRS 101. The adjustments made are classified into two broad categories:

- Reclassifications of the FRS 101 balance sheet items into the appropriate Solvency II categories
- Revaluation adjustments for areas where the FRS 101 valuation techniques are not considered to be consistent with Solvency II requirements.

For further details of the accounting policies adopted for the purposes of preparing statutory accounts, see the accounting policies section of the Company's financial statements.

Abbreviation	Meaning
DA	Delegated Acts i.e. Solvency II Delegated Regulation 2015/35 (as amended)
QRT LOG	Guidance as extracted from Solvency II ITS on reporting – Regulation 2015/2450 (as amended) and Solvency II ITS on public disclosure – Regulation 2015/2452
GL Valuation	EIOPA-BoS-15/113 EN Final Report on Guidelines on recognition and valuation of assets and liabilities other than technical provisions

There are no differences in valuation principles between IFRS and Irish GAAP (FRS 101), so the items below apply equally to the Company.

Goodwill

Solvency II guidance	Solvency II reference	Valuation methods and assumptions
Goodwill should be valued at nil	DA Art 12(1)	Goodwill is reported as an asset in the IFRS balance sheet however should be valued at nil for Solvency II reporting. No goodwill is reported in the FRS 101 financial statements.

The assets as per the Company's Solvency II balance sheet and statutory account as at 31 December 2016 are:

	Solvency II value €'000	Statutory accounts value €'000	Difference €'000
Deferred acquisition costs	-	37,419	(37,419)
Intangible assets	-	25,724	(25,724)
Property, plant & equipment held for own use	237	3,633	(3,396)
Investments (other than assets held for index-linked and unit-linked contracts)	646,488	693,444	-
Holdings in related undertakings, including participations	8,103	55,059	(46,956)
Bonds	597,305	597,305	-
Government bonds	342,089	342,089	-
Corporate bonds	255,216	255,216	-
Collective investments undertakings	41,080	41,080	-
Reinsurance recoverables	577,436	655,668	(78,232)
Insurance and intermediaries receivables	29,266	55,627	(26,361)
Reinsurance receivables	9,957	9,957	-
Receivables (trade, not insurance)	16,163	19,353	(3,190)
Cash and cash equivalents	49,670	49,670	-
Any other assets, not elsewhere shown	11,153	11,506	(353)
Total assets	**1,340,370**	**1,562,001**	**(221,631)**

Źródło: SFCR RSA Insurance Ireland DAC

Analiza - UE

(in £m)	Fair Value (Solvency II)	Carrying Value (FRS 101)	% (value Balance Sheet)
Goodwill	-	203.0	-
Deferred acquisition costs	-	229.1	-
Intangible assets	-	14.3	-
Deferred tax assets	161.5	51.8	2%
Pension benefit surplus	-	-	-
Property, plant and equipment held for own use	20.2	18.1	-
Investments (other than assets held for index-linked and unit-linked contracts)	5,792.3	5,674.2	87%
Investment in real estate properties	120.4	106.1	2%
Holdings in related undertakings, including participations	458.5	354.7	7%
Equities	194.5	194.5	3%
Debt Instruments	3,865.6	3,865.6	58%
Investment funds	1,035.8	1,035.8	15%
Derivatives	117.5	117.5	2%
Other investments	-	-	-
Assets held for index-linked and unit-linked contracts	-	-	-
Loans and mortgages	124.8	125.7	2%
Reinsurance recoverables	122.3	179.6	2%
Receivables	319.7	907.3	5%
Cash and cash equivalents	159.6	159.6	2%
Other	7.3	7.3	-
Total Assets	6,707.7	7,570.0	100%

▲ Źródło: SFCR AXA Insurance UK PLC

▼ Źródło: SFCR Grupy AXA

(in Euro million)	Carrying Value (IFRS) [a]	IFRS after reclassification [b]	Fair Value (Solvency II)
	Reclassification of Solvency II equity method for US entities and sectorial rules (Bank, AM and Pension funds)		Solvency II recognition and measurement adjustments
Goodwill	16,684	9,003	-
Deferred acquisition costs	24,132	13,018	-
Other Intangible assets	5,476	4,984	-
Deferred tax assets	1,417	563	641
Property, plant & equipment held for own use	1,539	1,153	1,326
Investments (other than assets held for index-linked and unit-linked contracts)	516,514	473,988	474,795
Investment in real estate properties (not for own use)	12,043	12,023	18,347
Holdings in related undertakings, including participations	2,245	23,744	14,751
Equities	28,654	27,846	28,634
Debt Instruments	449,989	387,881	388,074
Investment funds	27,155	25,309	27,117
Derivatives	(3,572)	(2,814)	(2,814)
Other investments [c]	-	-	686
Loans and mortgages	70,490	30,606	31,913
Assets held for index-linked and unit-linked contracts	175,292	67,633	67,633
Reinsurance recoverables	14,988	9,054	8,124
Receivables	29,807	22,986	20,968
Cash and cash equivalents	29,098	20,784	20,094
Deposits to cedants	1,827	1,789	1,789
Other assets not included in the aggregates above	5,518	4,381	4,604
TOTAL ASSETS	892,783	659,942	631,888

(a) The value of the column Carrying Value (IFRS) is in line with the amounts disclosed in the Annual Financial Statements. However, the breakdown of assets by aggregates follows the Solvency II balance sheet presentation, which slightly differs from the one in the Annual Financial Statements. The primary impacts are on "Investments in real estate properties", "Receivables", "Other assets", "Derivatives" and "Loans and mortgages".

(b) The interim column of the table sets forth the IFRS value of the Company's main asset classes but applying Solvency II presentational rules for US entities, banks, pension funds and asset managers (presented for their Group share under the line 'Holdings in related undertakings, including participations').

(c) The amount reported in "Other investments" refers to "Deposits other than cash equivalents" which are reported under "Cash and cash equivalents under IFRS".

Zasady wyceny - metody alternatywne

Wymogi

» Art. 296 Rozporządzenia Delegowanego 2015/35

Wycena do celów wypłacalności

*1. Sprawozdanie na temat wypłacalności i kondycji finansowej zawiera wszystkie **następujące informacje** dotyczące wyceny aktywów zakładu ubezpieczeń lub zakładu reasekuracji do celów wypłacalności:*

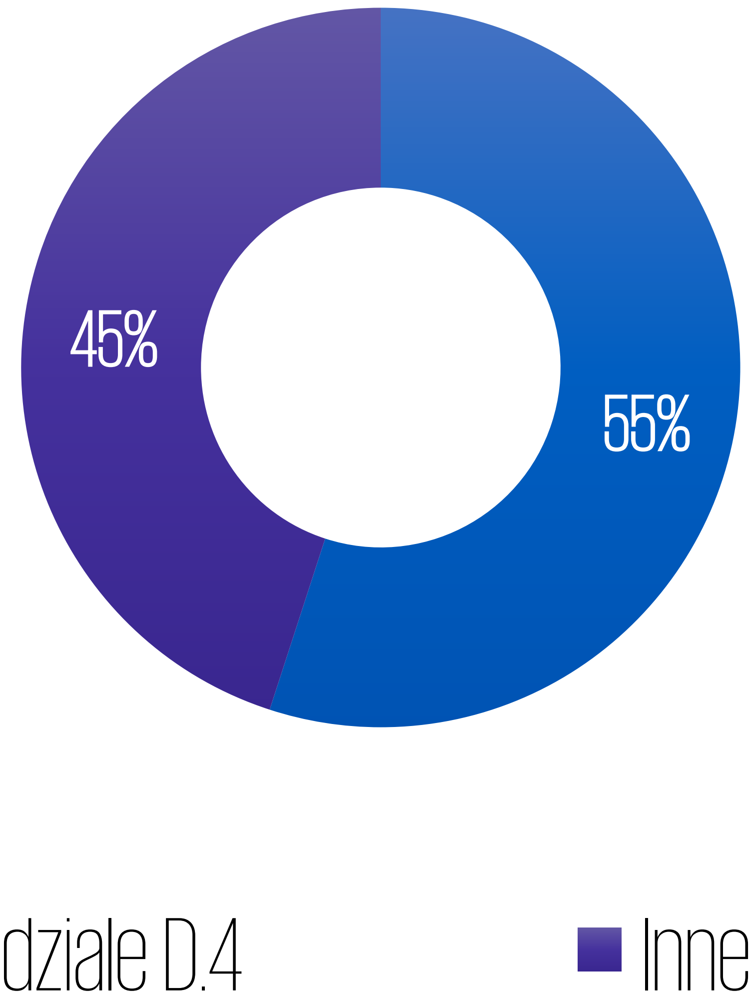
*a) oddzielnie dla każdej istotnej grupy aktywów: **wartość** aktywów oraz **opis podstaw, metod i głównych założeń** stosowanych przy wycenie do celów wypłacalności;*

2 a), 3 a) – analogiczne wymogi odpowiednio dla wyceny rezerw techniczno-ubezpieczeniowych i innych zobowiązań

» Art. 10 Rozporządzenia Delegowanego 2015/35

Metoda wyceny — hierarchia wyceny
→ Alternatywne metody wyceny (Art. 10 ust. 5)

Analiza - POLSKA: Ujawnienie alternatywnych metod wyceny



Analiza - UE

D.4 Alternative methods of valuation

D.4.1 Company approach to valuation

The Company applies the Group Asset Valuation Business Standard to the valuation of its assets and liabilities. This sets out a control framework in respect of valuation, including assets and liabilities valued under alternative methods of valuation. This standard defines the following control objectives:

- Primary valuation – Parties responsible for primary valuations must ensure that appropriate valuation techniques are selected and justified.
- Independent price verification – A party independent of the primary valuation process must have sufficient controls in place to ensure valuations of all asset classes are reasonable. Controls should be commensurate with the materiality of the assets.
- Valuation uncertainty – The extent of uncertainty within valuations must be understood, quantified where possible and reported to senior management.
- Reporting bases – Where appropriate the valuation must be performed consistently across reporting bases. Where a consistent basis is not used, then a reconciliation of differences should be understood, documented and reported.
- Client supplied prices – Client supplied prices should be identified, and sufficient independent price verification (IPV) controls exercised to provide assurance over the quality of the valuation.

D.4.2 Assets and liabilities to which an alternative valuation approach applies

For the financial year ending 2016, the Company's primary exposure to valuation under alternative valuation methods was in respect of its deposits with cedant undertakings with UKA and UKLAP, whereby the valuation of the deposits with cedant undertakings in respect of those entities is based on a proportionate share of the Solvency II net assets within scope of the reinsurance arrangements.

The Company also has a loan with its immediate parent AGH, for which an alternative valuation approach applies.

D.4.3 Justification for use of an alternative valuation approach

The majority of the Company's assets and liabilities, and those of its cedants, are measured at fair value based on quoted market information or observable active market data. Where quoted market information or observable market data is not available, an alternative valuation method is used. This occurs when either:

- The individual nature of the asset means that there is no quoted price available (for example, investment property).
- The asset is not actively traded in a market (such as holdings in unlisted private equity funds).Alternative valuation methods include the use of estimates and assumptions that are not market observable. Where estimates and assumptions are used by the Company, or its cedants, in valuing its assets and liabilities, they are based on a combination of independent third-party evidence and internally developed models, calibrated to market observable data where possible.

D.4.4 Assumptions underlying the valuation approach and assessment of valuation uncertainty

The Company performs an annual exercise to assess valuation uncertainty across its asset portfolio. The main assumptions underlying the valuation approach and assessment of valuation uncertainty for the key categories of assets are described below.

Commercial mortgages and healthcare mortgages

The mortgages are valued using a model that calculates a credit risk adjusted value for each mortgage. The credit risk adjusted contractual future cash flows are calculated by stochastically forecasting how the future loan repayments are impacted by a large number of inputs. The key inputs feeding into the credit risk calculation are changes in property value, probability of tenant defaults, expected rental growth and property growth and likelihood of the borrower continuing to service the loan if the tenant defaults. The credit risk adjusted cash flows are then discounted at a risk free rate plus a liquidity premium calibrated to lending on new loans.

Valuation uncertainty arises from variation in the expected range of the key inputs feeding into the credit risk calculation and the liquidity premium.

Valuation uncertainty has been assessed as moderate for this asset class.

Equity release mortgages

The equity release mortgages are valued using a model that calculates a credit risk adjusted value for the mortgages. Cash flows are adjusted for credit risk and discounted using a yield curve and global assumptions for the liquidity premium. The model derives a best estimate view on property growth and explicitly calculates the additional return that would be demanded by investors due to uncertainties in the asset cash flows.

Valuation uncertainty in the model primarily arises from uncertainty in the calculation of future houses prices. This includes uncertainty relating to house price inflation, equity release price indices, residential property volatility, initial property valuations at loan inception and performance of individual properties relative to house price inflation.

Valuation uncertainty has been assessed as significant for this asset class.

PFI and infrastructure loans

PFI and infrastructure loans are valued using either a model that calculates a credit risk adjusted value for each loan or using a discounted cash flow model, depending on the nature of the loan.

Loans valued using credit risk adjusted contractual future cash flows are calculated by stochastically forecasting how the future loan repayments are impacted by a large number of inputs. The key inputs feeding into the credit risk calculation are changes in property value, probability of tenant defaults, expected rental growth and property growth and likelihood of the borrower continuing to service the loan if the tenant defaults. The credit risk adjusted cash flows are then discounted at a risk free rate plus a liquidity premium calibrated to lending on new loans.

Loans valued using a discounted cash flow model add spreads for credit and illiquidity to a risk free discount rate. Credit spreads are updated quarterly using an internally developed methodology which depends on the credit rating of each loan, credit spreads on publicly traded bonds and an estimated recovery rate in event of default.

Valuation uncertainty arises from variation in the expected range of the key inputs feeding into the credit risk calculation and the liquidity premium.

Valuation uncertainty has been assessed as moderate for this asset class.

Privately placed debt securities

Privately placed notes are valued using either broker quotes or a discounted cash flow model. The discounted cash flow model uses discount factors based on swap curves of similar maturity, plus internally derived spreads for credit risk. The spread added to the swap curve also includes an additional spread loading to reflect the illiquidity of the investment.

Valuation uncertainty arises on the private placement portfolio in the choice of spreads for credit and liquidity.

Valuation uncertainty has been assessed as moderate for this asset class.

Over the counter (OTC) derivatives

Although valued using established and accepted valuation methodologies, OTC derivatives (are not quoted in an active market and an element of valuation uncertainty may exist in arriving at a fair value. The extent of valuation uncertainty is assessed by comparing valuations against counterparty statements. The contracts are priced using mid-market inputs (such as swap curves and equity volatilities) and the valuation impact of moving from mid to bid is estimated within the wider valuation uncertainty analysis undertaken by the Company.

Valuation uncertainty has been assessed as moderate for this asset class.

Unlisted unit trusts and property funds

Fair values for unlisted private equity funds are based on net asset value statements provided by fund administrators. The valuation of underlying equities is compliant with guidelines published by the British Venture Capital Association, the European Private Equity and Venture Capital association and other international bodies.

The extent of valuation uncertainty is estimated with reference to back testing analysis which involves comparing sale proceeds for individual equities against lagged valuations.

Valuation uncertainty has been assessed as significant for this asset class.

Investment property and property partnerships

Investment property is valued at least annually by external chartered surveyors in accordance with guidance issued by The Royal Institution of Chartered Surveyors (RICS), and using estimates during the intervening period. Valuations are performed by surveyors in accordance with methodologies described in the RICS 'red book'. A property gross value is calculated by dividing the expected rental cash flows by an appropriate rental yield. Future cash flows are calculated based on the surveyor's expectation of rental receipts during and after the current tenancy ends, typically based on an assessment of rents charged on comparable properties.

The extent of uncertainty systemic within the valuation of investment properties has been assessed based on ranges of expected rental yields provided by seven independent surveyors, by property type. Back testing analysis is also performed to understand the extent of valuation uncertainty for this asset class.

Valuation uncertainty has been assessed as significant for this asset class.

Collateralised lending with banks

Collateralised lending with banks comprises loans to banking counterparties that have been collateralised with illiquid securities. Fair values are calculated using valuation models which incorporate a number of assumptions, including probability of counterparty default and expected loss in the event of counterparty default. Expected loss in the event of counterparty default is driven by assumptions describing the expected liquidation period of the collateral, the volatility of the collateral during this liquidation period and the extent to which we believe there is a correlation between the collateral value and counterparty default probability.

Valuation uncertainty arises from variation in the expected range of a number of the key assumptions described above.

Valuation uncertainty has been assessed as moderate for this asset class.

Loan with AGH

The Company's loan with AGH is valued using an income approach, which reflects the present value of cash flows the loan is expected to generate calibrated as far as possible to market observable parameters. The loan accrues interest at 12 month LIBOR plus a credit risk margin. The 12 month Libor rate is reset annually with the next reset due on 31 December 2017. The credit margin is reset every five years based o
agreement. The next reset of the credi

The 12 month Libor reset means th
relevant market observable credit risk
sufficiency of available collateral suppo

The loan can be repaid early at any
the nominal amount plus any accrued

Valuation uncertainty has been ass

D.4.5 Adequacy of the valuation compared to experience

The Company operates IPV controls across all assets. For asset types where a secondary source is available (such as OTC derivatives), this involves comparing the primary valuation to the secondary source, investigating material differences and making valuation adjustments where we believe appropriate. For illiquid debt securities which are marked to model the IPV process includes a review of the valuation methodology, periodic assessment of both observable and judgemental model inputs as well as reviewing any secondary trading activity in the asset to understand whether anything can be learnt regarding the appropriateness of the valuation methodology.

For asset classes where a secondary source is not available and there is no secondary trading activity (such as investment property and private equity), the Company relies on the implementation of accepted valuation standards by parties independent of the Group as described above (e.g. valuation of investment property in line with the methodologies described in the RICS 'red book'). These are asset classes with considerable valuation uncertainty and to assess the reasonableness of the valuations back testing analysis is performed on an annual basis for any assets sold during the year. Results of these back testing analyses are presented in the Company's valuation uncertainty assessments.

Źródło: SFCR Aviva PLC

Wyniki z działalności zakładu ubezpieczeń

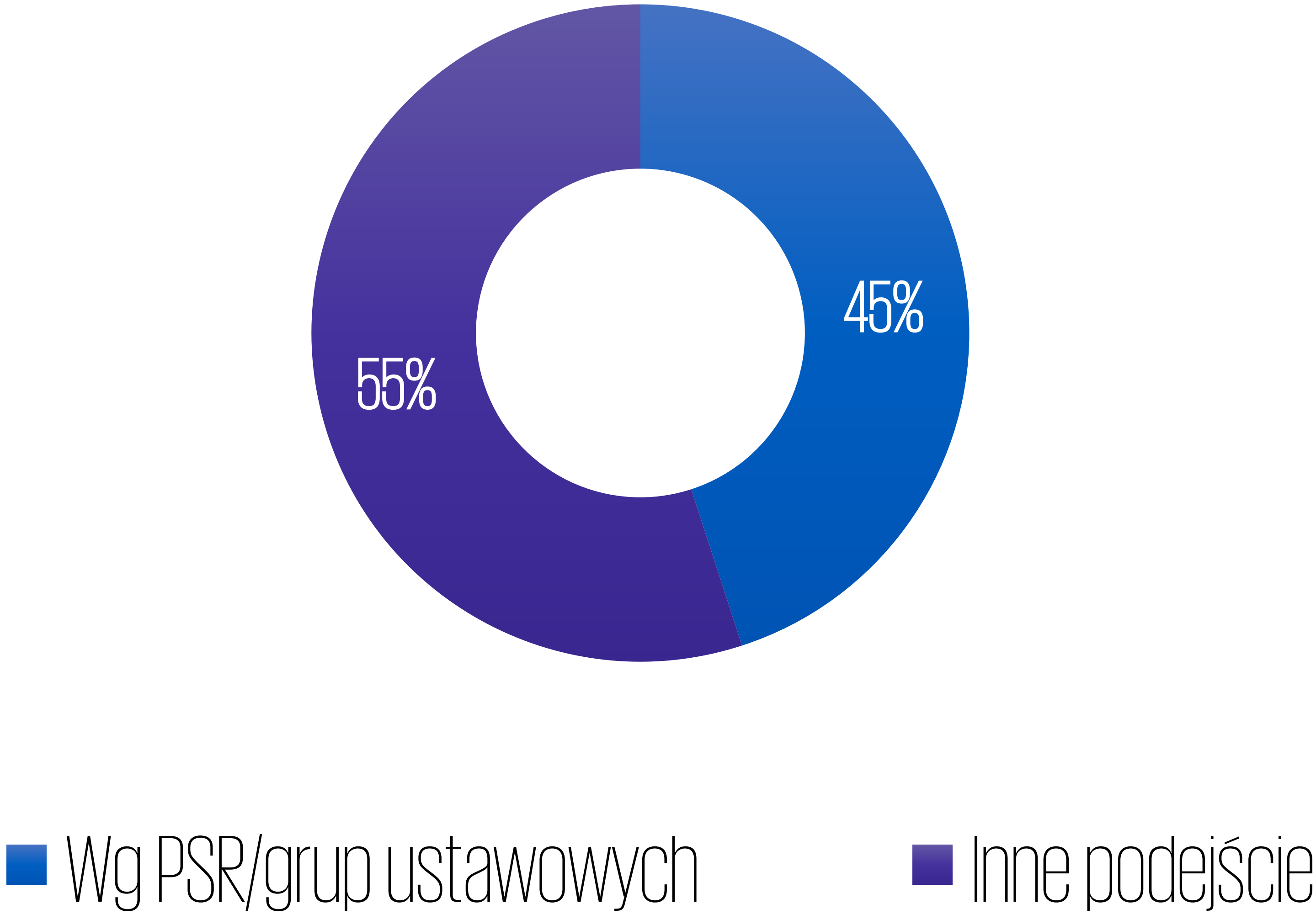
Wymogi

» Art. 293 Rozporządzenia Delegowanego 2015/35

Wyniki z działalności

*2. Sprawozdanie na temat wypłacalności i kondycji finansowej zawiera **jakościowe i ilościowe informacje na temat wyników z działalności operacyjnej** zakładu ubezpieczeń lub zakładu reasekuracji, na poziomie zagregowanym oraz **w podziale na istotne linie biznesowe** i obszary geograficzne, na których zakład prowadzi działalność w okresie sprawozdawczym, wraz z porównaniem tych danych z danymi z poprzedniego okresu sprawozdawczego, **spójnie z danymi wykazanymi w sprawozdaniach finansowych zakładu**.*

Analiza - POLSKA: Przedstawienie wyników z działalności ubezpieczeniowej



Analiza - UE

/ Underwriting performance by product line

The tables below sets out the FRS 101 results by major product:

	Gross written premiums		Gross earned premiums	
	2016	2015	2016	2015
	£m	£m	£m	£m
Direct and reinsurance accepted				
Motor	984.2	877.3	940.2	835.5
Accident and health*	137.5	134.2	140.3	140.7
Third party liability	274.9	263.6	269.3	253.6
Fire and other damage to property	834.2	821.9	820.8	820.4
Marine, aviation and transport	9.4	14.0	10.1	12.7
Miscellaneous	36.2	31.1	46.3	45.9
Total	**2,276.4**	2,142.1	**2,227.0**	2,108.8

	Gross claims incurred		Net operating expenses	
	2016	2015	2016	2015
	£m	£m	£m	£m
Direct and reinsurance accepted				
Motor	(835.6)	(678.9)	(223.5)	(163.7)
Accident and health*	(108.2)	(93.9)	(34.9)	(40.8)
Third party liability	(144.1)	(159.3)	(103.6)	(100.5)
Fire and other damage to property	(405.9)	(393.2)	(356.9)	(345.6)
Marine, aviation and transport	(4.3)	(6.4)	(8.1)	(7.0)
Miscellaneous	(17.1)	(14.2)	(11.3)	(16.8)
Total	**(1,515.2)**	(1,345.9)	**(738.3)**	(674.4)

	2016	2015
	£m	£m
Reinsurance outwards		
Motor	32.7	(5.2)
Accident and health*	(0.1)	(0.3)
Third party liability	1.4	(2.1)
Fire and other damage to property	(55.7)	(85.7)
Marine, aviation and transport	5.9	(2.2)
Miscellaneous	(27.8)	(4.0)
Total	**(43.6)**	(99.5)

Źródło: SFCR AXA Insurance UK PLC

Profil ryzyka

Wymogi

» Art. 295 Rozporządzenia Delegowanego 2015/35

Profil ryzyka

*1. Sprawozdanie na temat wypłacalności i kondycji finansowej zawiera **informacje jakościowe i ilościowe dotyczące profilu ryzyka** zakładu ubezpieczeń lub zakładu reasekuracji [...] **w podziale na następujące kategorie ryzyka**:*

a) ryzyko aktuarialne;

b) ryzyko rynkowe;

c) ryzyko kredytowe;

d) ryzyko płynności;

e) ryzyko operacyjne;

f) inne istotne rodzaje ryzyka.

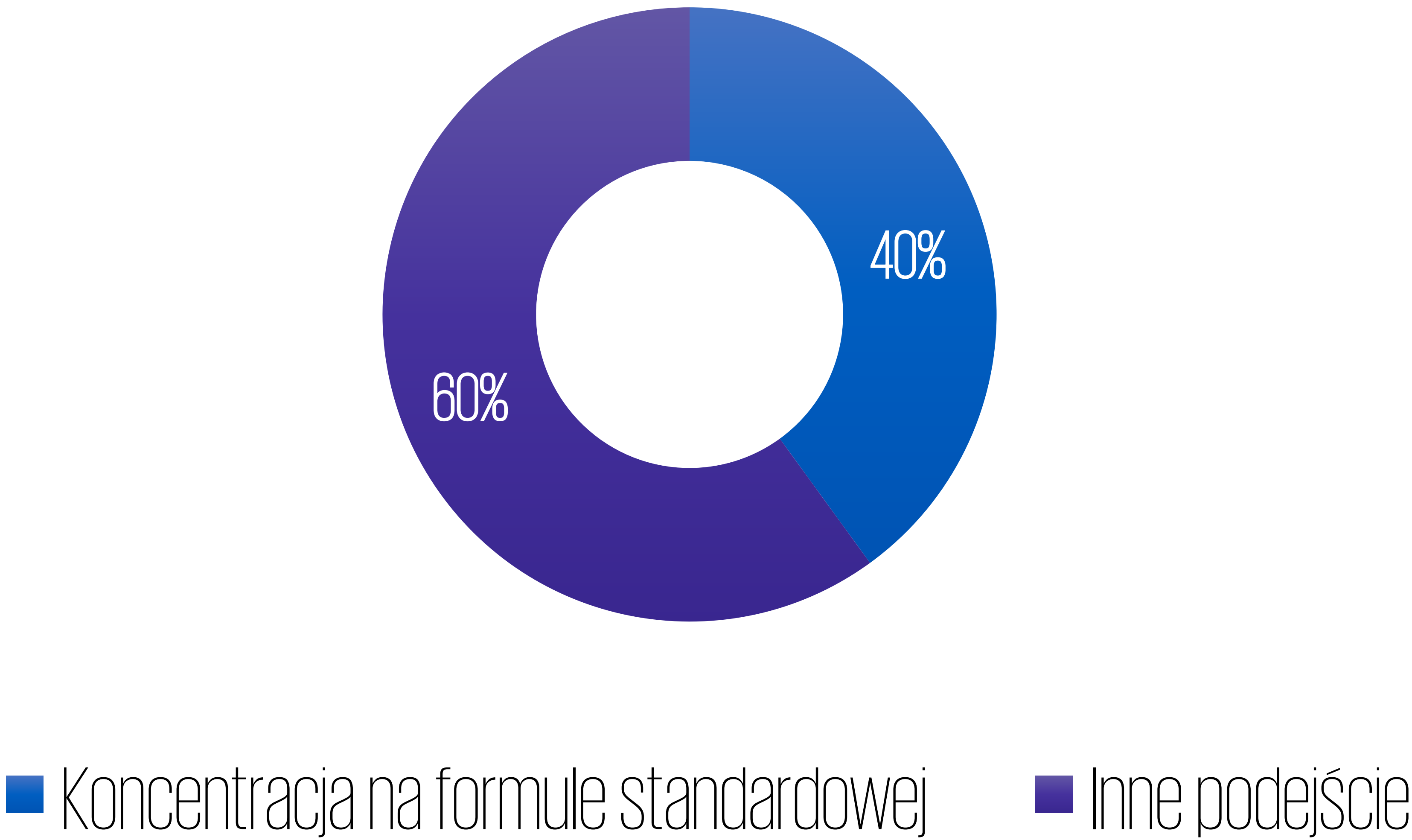
Wymogi

Profil ryzyka ≠ formuła standardowa

» Art. 63 UoDUiR

ORSA obejmuje m.in. ***stopień odchylenia profilu ryzyka danego zakładu od założeń stanowiących podstawę kapitałowego wymogu wypłacalności obliczonego według formuły standardowej*** lub […] modelu wewnętrznego.

Analiza - POLSKA: Opis profilu ryzyka



Analiza - UE

C Risk profile

The previous section of the report (B. System of Governance) included information on the Company's risk management system (see section B.3). This section of the report provides more detail on the risks faced, including how the Company measures and mitigates against them. The Company is exposed to the following main categories of risk:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Group risk
- Pension risk

The first five categories are described in sections C.1 to C.5 respectively; since Pension risk and Group risk are not separate categories in the prescribed SFCR structure, they are addressed under the "C.6 Other material risks" heading. Insurance risk includes claims risk and reserving risk and these are all described under the prescribed heading "C.1 Underwriting risk".

Section C.7 addresses the Company's stress testing and sensitivity analysis across all categories of risk.

For quantification of the relative importance of each risk type to the Company see section E.2.2.

The Company has adopted the RSA Group's risk management system, reflecting the close alignment between RSAII's risk strategy and risk appetite and that of the RSA Group.

Źródło: SFCR RSA Insurance Ireland DAC

C.1.2 Measures used to assess risk

Underwriting and claims risk

The Company's underwriting strategy and risk appetite are reviewed, challenged and approved by the Board annually.

Key risk indicators assess risk against the Board risk appetite and these are reported at the quarterly Board Risk Committee. Underwriting risk indicators include measures for exposure control, pricing, the control environment and licences.

Portfolio strategy is reviewed quarterly under the Portfolio Risk Management process (Insurance Risk Portfolio Classification - IRPC). This enables ongoing, proactive management of the implementation of portfolio strategies together with facilitation of forward looking portfolio risk assessments against measured key risk indicators. Risks and issues are escalated to the management Risk and Control Committee, the Pricing Committee and to the Board Risk Committee.

Claims fall within the scope of IRPC, but claims risks are also monitored separately to facilitate management within appetite. The scope of claims risk indicators covers financial control, technical quality, case reserving, fraud, and control of delegated authorities. Case reserving is monitored by the Case Reserving Committee.

Scenario and Stress testing and Risk Profiling are undertaken within each function and are reported through the management Risk and Control Committee and to the Board Risk Committee.

Accumulations for static exposures are modelled using the GAIA Exposure Data Management system to identify 'Per Risk' and Catastrophe risk concentrations and to inform scenario modelling and reinsurance purchase. The Exposure Management Working Group has formal oversight and reporting of the standards for data quality and the minimum requirements for identifying and controlling 'Per Risk' and Catastrophe risk concentrations.

The effectiveness of pricing tools and process is measured through the Pricing Capability Assessment Questionnaire (PCAQ) to benchmark the capability against defined measures. The PCAQ defined measures include an assessment of the pricing components i.e. use of historical claims frequencies and severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns and allowance in the pricing procedures for acquisition expenses, administration expenses, investment income, the cost of reinsurance, and for a profit loading that adequately covers the cost of capital.

Underwriting and Claims Validation Reviews are held periodically to test the effectiveness of the processes and controls in the risk management frameworks. Gaps in compliance with the controls require either a Remediation Plan or a Risk Acceptance against the respective control(s) under the Policy Management process. Underwriting and Claims monitor the progress of Remediation Plans and are the approvers for Risk Acceptances.

Breaches of controls are escalated and reported, with material Risk Events escalated to the Risk function.

Wrażliwość na ryzyko

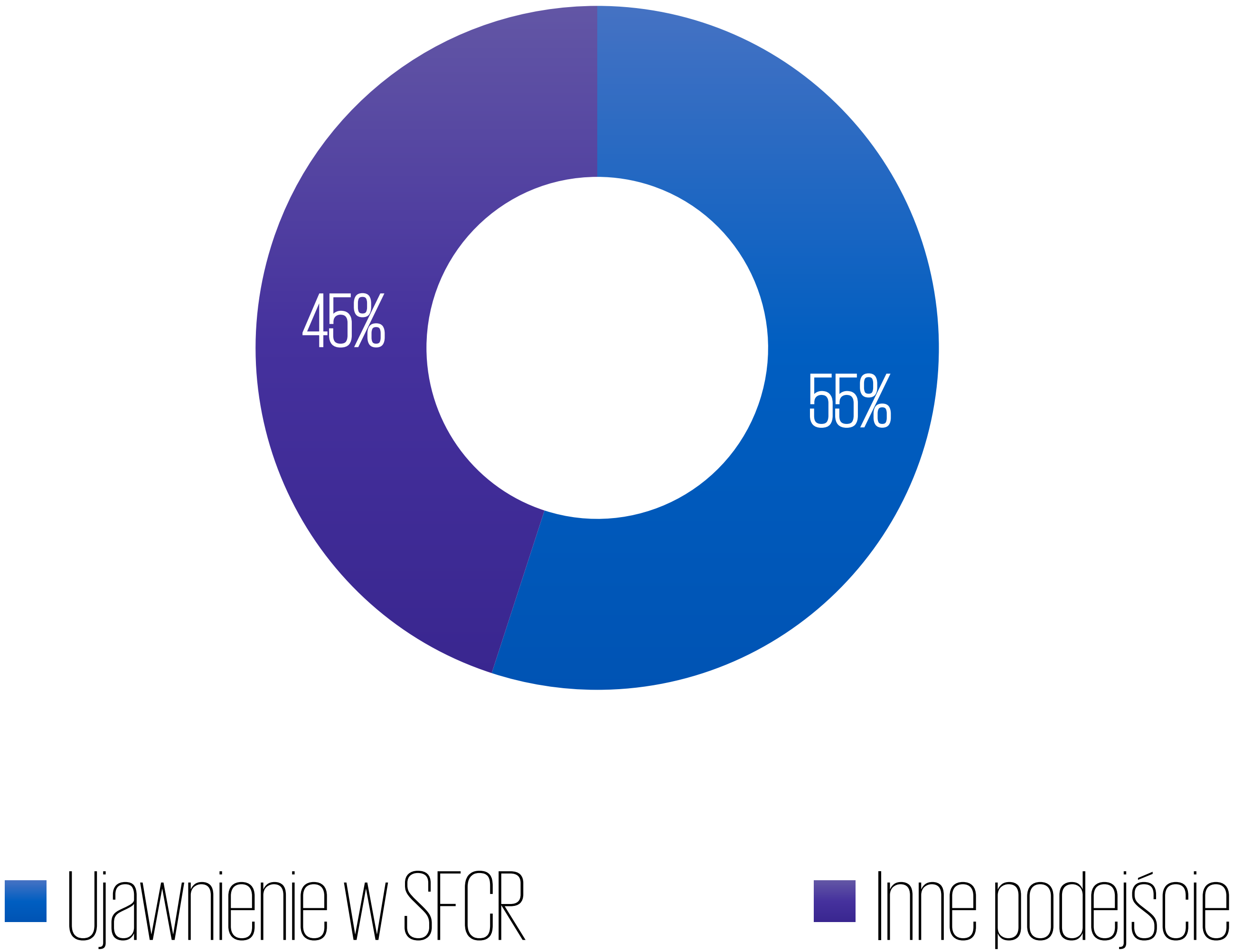
Wymogi

» Art. 295 Rozporządzenia Delegowanego 2015/35

Profil ryzyka

*6. W odniesieniu do **wrażliwości na ryzyko** sprawozdanie na temat wypłacalności i kondycji finansowej obejmuje **opis zastosowanych metod i przyjętych założeń** oraz **wyniki testów warunków skrajnych i analizy wrażliwości** w odniesieniu do istotnych ryzyk i zdarzeń.*

Analiza - POLSKA: Ujawnienie wyników testów warunków skrajnych/ analizy wrażliwości w odniesieniu do istotnych ryzyk i zdarzeń



Analiza - UE

C.7 Any other information

C.7.1 Stress and scenario testing and sensitivity analyses

The Company performs stress and scenario testing (including reverse stress testing) and sensitivity analysis to understand the impact of changes on the Company's capital and liquidity risk profile, used to help inform decision making.

Stress and scenario testing is a key element of the Company's Risk Management Framework and business planning process, helping it to identify and analyse the risks and evaluate ways of mitigating or managing those risks. At least annually, a broad range of Company risk specific stress and scenario tests are defined; the events tested range from those that are considered likely to arise, to extreme events with the potential to cause business model failure that would require recovery action. A range of assumptions are made in the identification of risk and measurement of resilience; these assumptions are defined by suitable experts and, where applicable, by regulators. The Company maintains a Recovery Plan with a set of plausible recovery actions that it can execute in a timely manner, and which will enable the Company to survive a range of severe stresses, caused by either Company specific or market-wide issues.

The SCR is the primary basis used by the Company to measure and assess its risks. Sensitivity analyses performed by the Company include consideration of the sensitivity of its SCR cover ratio (own funds divided by SCR) to increases and decreases in economic and non-economic assumptions as detailed in the table below.

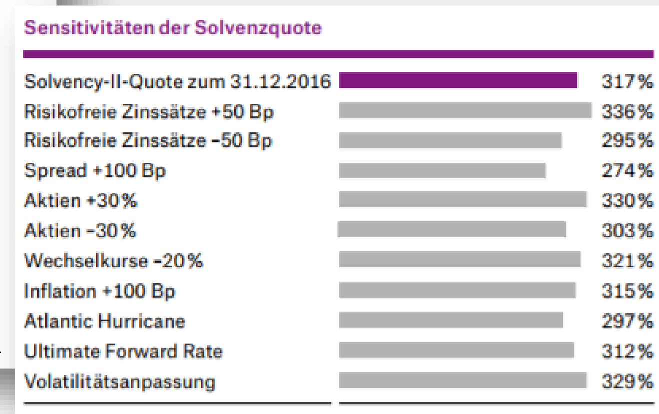
The sensitivity allows for any consequential impact on the assets and liability valuations. All other assumptions remain unchanged for each sensitivity, except where these are directly affected by the revised economic conditions or where a management action that is allowed for in the SCR calculation is applicable for that sensitivity.

Transitional measures on technical provisions are assumed to be recalculated in all sensitivities where their impact would be material.

Sensitivities (net of tax), as at 31 December 2016		Change in Solvency II SCR cover ratio
Changes in economic assumptions	25 bps increase in interest rate	2%
	100 bps increase in interest rate	7%
	25 bps decrease in interest rate	(2)%
	50 bps decrease in interest rate	(5)%
	50 bps increase in Corporate Bond spread	2%
	100 bps increase in Corporate Bond spread	5%
	50 bps decrease in Corporate Bond spread	(3)%
	Credit downgrade on annuity portfolio	(5)%
	10% increase in market value of equity	1%
	10% decrease in market value of equity	(1)%
	25% decrease in market value of equity	(2)%
Changes in non-economic assumptions	10% increase in maintenance expenses and investment expenses	(2)%
	10% increase in lapse rates	(1)%
	5% increase in mortality/morbidity rates - Life assurance	(1)%
	5% decrease in mortality rates - annuity business	(22)%

◄ Źródło: SFCR Aviva PLC

▼ Źródło: SFCR MunichRe AG



Dziękuję

Zastrzeżenie prawne

Informacje zawarte w niniejszym dokumencie mają charakter ogólny. Informacje zostały wybrane na podstawie naszej oceny tego, co jest najbardziej istotne z uwagi na cel niniejszej prezentacji. Informacje te opierają się na naszym doświadczeniu podczas przeprowadzania audytów w 2016 r. Przedstawione informacje mogą nie być odpowiednie do celów innych niż cel niniejszej prezentacji.

Biuro KPMG w Warszawie
ul. Inflancka 4a
00-189 Warszawa
T: +48 (22) 528 11 00
F: +48 (22) 528 10 09
kpmg.pl

Prelegent KPMG:

Kamil Jóźwik
Departament Audytu
Instytucji Finansowych
Manager
T: +48 (22) 528 19 66
E: kamiljozwik@kpmg.pl

KPMG Poland