

Swiss Association of Actuaries guidelines on the assignment of adequate technical life reserves pursuant to FINMA circular 2008/43 “Life insurance reserves”

Parameteres for the minimal requirements test as at 31.12.2015

Adopted by the Management Board of the Swiss Association of Actuaries on 28 August 2015

Parameters for the minimum requirements test

The following parameters must be used for the minimum requirements test for the reserves for simple products as at **31.12.2015**:

Yield and longevity scenario

Investment category	Assumed yield														
Shares (incl. investment funds) and alternative investments	75% of the best estimate, however a maximum of 4% of the market value														
Investment properties	90% of the best estimate, however a maximum of 3.5% of the market value														
Bond portfolio	Amortised cost income less the following (absolute) discount depending on the rating category: <table border="0"> <thead> <tr> <th>Rating</th> <th>Discount on yields</th> </tr> </thead> <tbody> <tr> <td>AAA</td> <td>0.00%</td> </tr> <tr> <td>AA</td> <td>0.10%</td> </tr> <tr> <td>A</td> <td>0.15%</td> </tr> <tr> <td>BBB</td> <td>0.45%</td> </tr> <tr> <td>BB</td> <td>2.50%</td> </tr> <tr> <td>B</td> <td>10.00%</td> </tr> </tbody> </table>	Rating	Discount on yields	AAA	0.00%	AA	0.10%	A	0.15%	BBB	0.45%	BB	2.50%	B	10.00%
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Bond reinvestments	Expected yields according to the forward rates of the FINMA swap curve (without discount), however future reinvestment yield increases over the current yield on the reporting date by no more than $\frac{1}{3} \max(2.5\% - 10\text{-year Swap rate on the reporting date}, 0.0\%)$ <p>Furthermore, the future reinvestment yield never rises over 2.50%.</p>														
Mortgage portfolio	93% of the portfolio's interest income														
Mortgage reinvestments	Bond reinvestment yields increased by 80 basis points														
Money market	Like bond reinvestment yield, however the future reinvestment yield never exceeds 1.50% .														

Parameter	Individual insurance: safety loading or markdown	Collective insurance: safety loading or markdown
Mortality for pension insurance	2.92%	2.92%
Reduced mortality for pension insurance	5.85%	5.85%

Biometrics and costs scenario

Parameter	Individual insurance: safety loading or markdown	Collective insurance: safety loading or markdown
Mortality for endowment insurance	8.25%	8.25%
Mortality for pension insurance	5.85%	5.85%
Reduced mortality for pension insurance	11.70%	11.70%
Demographic data	Not available	None
Disability	11.70%	17.55%
Probability of withdrawal of disabled persons (to review expired insurances)	11.70%	11.70%
Average level of disability	None	None
Probability of withdrawal of disabled persons (to review ongoing benefits)	16.50%	16.50%
Costs	8.25%	8.25%
Cancellation	None	None
Reinsurance costs	None	None
Exercise of pension option on retirement	Not available	11.70%

Customer behaviour scenario

Parameter	Individual insurance: safety loading or markdown	Collective insurance: safety loading or markdown
Cancellation	24.75%	41.25%