

28 May 2014

Related topic	Subtopic	No. Para.	Keywords	Your question	Answer
Standard_SCR	SCR.5.8. Mktsp spread risk	table of article 156 SR2		<p>In the table in the spread risk module, the maximum value of a bucket is not equal to the minimum value of the next bucket. This seems to be a rounding error. Could you please advise how to proceed? We are planning to align the maximum value and the minimum value, unless we are advised otherwise.</p> <p>Response DNB: DNB has already pointed out this inconsistency with the EC (Dagmar) who has confirmed that this was indeed a typo. For the stress test we still need to decide how to proceed.</p>	<p>There are indeed "kinks" in the value of spread risk capital charge due to this non-continuity property of the spread risk capital charge. This was intended and is often referred to as the "kinked approach".</p>
Technical Specification for the Preparatory Phase (Part I)				<p>Please confirm whether, in addition to the reporting template, any other calculation spreadsheets and helper tabs will be provided by EIOPA. If not, please inform us whether we can use last year's main calculation spreadsheet and helper tabs, and indicate which formulas and/or parameters need to be corrected/changed due to changes in the TS.</p>	<p>There will be no helper tabs or spreadsheets provided by EIOPA.</p>

Standard_SCR	SCR.9.4. Non life CAT risk sub - module	Annex R	Countries to be considered in CAT natural catastrophe risk	<p>For hail risk, Annex R specifies which european countries have to be considered in terms of this risk. This Annex considers the Kingdom of Spain and the Principality of Andorra as a whole, with the same hail risk factor. Besides, EIOPA helper tab CAT, in sheet "HA_CRESTA_ES", considers 50 zones which I believe they correspond to the 50 provinces in Spain or postal codes. However:</p> <p>1) where should be Ceuta and Melilla be included? They belong to Spain but they are not included in the 50 provinces. They are autonomous cities and not autonomous communities as the other 50.</p> <p>2) And the Principality of Andorra? This is a different country. It is not part of the 50 provinces.</p> <p>Will they be considered as extra zones, being zone 51, 52, 53...? (EIOPA has only provided correlations for 50 zones). Should they be included in the available 50 zones? Should they be considered independent of the 50 zones and all the calculations will be done independently and the added up? This does not make much sense since due to the proximity to the 50 provinces they should be very correlated.</p> <p>The same thing occurs with French Republic and Principality of Monaco which appear as a whole in Annex R.</p>	<p>Ceuta and Melilla should be included in the zone 11.</p> <p>Andorra is defined as part of Spain as also e.g. Vatican is aprt of Italy. Andorra risks should be reported in the zone 25 of ES.</p>
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Standard_SCR	SCR.8.5. Health catastrophe risk sub-module	SCR 8.93	Countries to be considered in CAT health risk submodules	<p>Paragraph SCR 8.93 of the Technical Specifications for the Preparatory Phase indicates the following: 1) Pandemic and accident concentration scenarios are applicable to worldwide exposures. 2) Mass accident scenario has to be considered for 31 countries (stated in Annex M).</p> <p>The QRT for the preparatory phase SCR B3F-S.27.01 considers 31 countries for the 3 scenarios (pandemic, mass accident and accident concentration) and the Technical Appendix II states that those 31 countries are the same for all scenarios. Here is the inconsistency: Technical Specifications say that pandemic and accident concentration scenarios are applicable to worldwide exposures and the QRT asks for 31 countries. ¿Could you clarify the situation? How many countries are to be considered for pandemic and accident concentration and which are they?</p>	You use 31 countries defined in the QRT for all 3 scenarios.
Technical Specification for the Preparatory Phase (Part II)	1.2.2.1			Which methodology document is used for the calculation of the credit risk adjustment?	The document used for the CRA is the latest legal text available in order to support the timing of the stress test exercise.
Technical Specification for the Preparatory Phase (Part II)	1.2			For deriving the risk free term structures swap rates are used. Are these swap rates based on "bid price" of "mid price"?	They are mid prices as reflected in the technical specification (Part II).