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Sensitivities

The following tables show the sensitivities of the EV to changes in key assumptions using the parameters indicated in the following list:

- Yield curve +1% upward shift of 100 basis points in the underlying reference rates, accompanied by a corresponding 100bps downward parallel shift of 100 basis points in the underlying reference rates, accompanied by a 100bps increase in the underlying reference rates, accompanied by a 100bps decrease in the underlying reference rates.
- Sensitivity to a 0% market value increase at valuation date for equity investments.
- Sensitivity to a 10% market value reduction at valuation date for equity investments.
- Sensitivity to a 10% market value reduction at valuation date for property investments.
- Sensitivity to a 25% increase of the equity implied volatility across all maturities, resulting in a change of 25% in the swap option implied volatility across all option maturities and swap rates.
- Sensitivity to a 25% decrease of the equity implied volatility across all option maturities and swap rates.
- Sensitivity to a 25% increase of the swap option implied volatility across all option maturities and swap rates.
- Sensitivity to a 25% decrease of the swap option implied volatility across all option maturities and swap rates.
- Sensitivity to a 100bps increase in the 100bps premium added on top of the underlying reference rates.
- Sensitivity to a 100bps decrease in the 100bps premium added on top of the underlying reference rates.
- Sensitivity to a 100bps increase in the 100bps premium added on top of the underlying reference rates.
- Sensitivity to a 100bps decrease in the 100bps premium added on top of the underlying reference rates.
- Sensitivity to a 10% decrease of lapse rates (multiplicative, i.e. 90% of best estimate lapse rates).
- Sensitivity to a 10% increase of lapse rates (multiplicative, i.e. 110% of best estimate lapse rates).
- Sensitivity to a 10% decrease of mortality/morbidity (multiplicative, i.e. 95% of best estimate mortality/rate).
- Sensitivity to a 10% increase of mortality/morbidity (multiplicative, i.e. 95% of best estimate mortality/rate).
- Sensitivity to a 10% decrease of mortality/morbidity (multiplicative, i.e. 95% of best estimate mortality/rate).
- Sensitivity to a 10% increase of mortality/morbidity (multiplicative, i.e. 95% of best estimate mortality/rate).
- Required capital reduction on the regulatory capital service requirement to the level of the local regulator.

Each sensitivity test is performed in isolation, i.e. all other assumptions remain unchanged except where they are indicated.

Impact on EV (€ mln)

Yield curve +1% 8,000%

Yield curve -1% 19,000%

Market value +10% 1,000%

Market value -10% -1,000%

Equity implied volatility +25% 25%

Equity implied volatility -25% -25%

Swap option implied volatility +10bps 10bps

Swap option implied volatility -10bps -10bps

Swap option implied volatility +25% 25%

Swap option implied volatility -25% -25%

Swap option implied volatility +100bps 100bps

Swap option implied volatility -100bps -100bps

Swap option implied volatility +10% 10%

Swap option implied volatility -10% -10%

Swap option implied volatility +100% 100%

Swap option implied volatility -100% -100%

Swap option implied volatility +5% 5%

Swap option implied volatility -5% -5%

The impact of the sensitivity to a 1% increase in the yield curve is generally positive, with different magnitudes depending on the region. The impact of the sensitivity to a 1% decrease in the yield curve is generally greater than the corresponding opposite. Sensitivities to +/-1% variation of the yield curve still report large percentage impacts on EV, as a consequence of the high volatility of the yield curve. To reduce the artificial volatility in asset valuation (and hence in EV) induced by the still high spreads of some European government bonds, the following table shows the impact on VIF of the adoption of a 100bps spread (which is the difference between the yield of 10-year German government bonds and the yield of 10-year Italian government bonds) on the 31/12/2012.

Impact on VIF

Italy +5%

Germany -5%

Eastern Europe -5%

World -5%

Yield curve +1% 8,000%

Yield curve -1% 19,000%

Market value +10% 1,000%

Market value -10% -1,000%

Equity implied volatility +25% 25%

Equity implied volatility -25% -25%

Swap option implied volatility +10bps 10bps

Swap option implied volatility -10bps -10bps

Swap option implied volatility +25% 25%

Swap option implied volatility -25% -25%

Swap option implied volatility +100bps 100bps

Swap option implied volatility -100bps -100bps

Swap option implied volatility +10% 10%

Swap option implied volatility -10% -10%

Swap option implied volatility +100% 100%

Swap option implied volatility -100% -100%

Swap option implied volatility +5% 5%

Swap option implied volatility -5% -5%

As the ultimate forward rate used in this sensitivity remains the same as in the central scenario, the shift is parallel to the underlying reference rates.