

ANNEX 3 to the ORSA Regulation

Minimum content of the ORSA Supervisory Report

Minimum content of the undertaking's ORSA Supervisory Report)

In the ORSA report, the undertakings, without prejudice to the discretion of the analyses and of the consequent assessments, may refer to information with the same content that is already available to IVASS, such as that contained in the public disclosure or provided in the periodic report for IVASS; in this case, the specific reference of the cited disclosure shall be indicated.

The report shall at least include:

A. Risk profile and strategy of the undertaking

1. The risk appetite, objectives, strategies and the relevant levels of risk tolerance set by the undertaking.

B. Information on the governance of the ORSA process

2. Objectives and scope of the ORSA.
3. Reconciliation between the time horizons of the strategic plan, of the medium-long term capital management plan and of the ORSA assessments, if they do not match.
4. Any changes made to processes and procedures pertaining to the ORSA, with respect to the last disclosure provided to IVASS in this regard.
5. Role and responsibilities assigned for ORSA purposes:
 - a. to the corporate bodies;
 - b. to the risk management, compliance, actuarial and internal audit functions;
 - c. to other corporate functions;
 - d. to the persons in charge within the undertaking if functions or activities are outsourced to third parties.
6. Design of the ORSA process in the definition and monitoring phases and the internal reporting lines that intervene in the ORSA process, before and after the approval of the results by the administrative body.
7. If the undertaking deviated for the reference date and/or for the deadlines for transmission of the ORSA supervisory report from the provisions respectively of Articles 4 and 11 of the Regulation, evidence of the annual assessment concerning the persistence of the reasons underlying the decisions made.
8. Specific descriptions or justification of decisions, concerning governance, made by the undertaking, that impact on the ORSA process, required by the IVASS regulation.

C. Detailed information on the ORSA: methods and assumptions used

9. Methods and assumptions underlying the assessment, indicating, in particular:

- a. exposures to risks (risk map), in particular to material ones, of the assumptions and of the measurement and aggregation methodologies used in the assessment of the risks and in the identification of the materiality of the risks, as well as of the stress tests or scenario analyses used to identify and assess them, in accordance with Article 309 of the Delegated Acts
 - b. methods and assumptions used in the forward looking assessments of the risks taken into consideration and the time horizon considered. To reconcile the need for an adequate projection of the activity of the undertaking with the need for credibility of the assumptions used, the time horizon considered shall be at least equal to three years and, as a rule, no longer than five years. The identification of a time horizon above five years shall be adequately justified;
 - c. the methods and the assumptions used to determine the overall solvency needs and the risk mitigation techniques and management actions used by the undertaking to manage measurable or non-measurable material risks, in accordance with Articles 294 and 309 of the Delegated Acts;
 - d. of the quantitative analyses (stress testing techniques, scenario analyses) made on significant risk factors, with the indication of the assumptions and results. These analyses include the specific assessment of the risks linked to the composition of their own portfolio of assets, including those attributable to investments in Government bonds, arising from possible different macroeconomic scenarios. In this regard, the assessments should provide evidence:
 - i. of the stress assumptions considered in a changing macroeconomic scenario;
 - ii. of the impact that such changes could have also on the future adequacy of the securities portfolio compared to the undertaking's commitments towards policyholders, should the stress assumptions considered occur;
 - iii. of any initiatives the undertaking might take, in the different scenarios, for a sound and prudent management of risks;
 - e. of the Long Term Guarantees measures used in the assessment;
 - f. the results of the assessments carried out in terms of risk profile of the undertaking, to identify the material ones, including the outcomes of the assessment of the deviations from the assumptions underlying the SCR calculation (from a more extensive analysis of the risks to a "net" result of the material risks, taking into account the mitigation techniques and the management actions used).
10. Type and quality of the data used in the forward looking assessment of risks as well as on the macroeconomic assumptions underlying the calculations.
11. Assessments made by the undertaking to check that the assumptions underlying the calculation of the capital requirement adequately capture its own risk profile, highlighting any material deviations, taking also account of any LTG measures used. In particular, if the undertaking uses criteria and assumptions other than those envisaged by the Code, it shall illustrate the assessments demonstrating how the different criteria and assumptions used lead to a more correct measurement of its own risk profile, of the approved risk tolerance thresholds and of the business strategies while complying with the sound and prudent management of the activity. The undertaking shall also illustrate the quantitative estimate of the impact of the application of different criteria and assumptions on the overall solvency needs.

12. If the undertaking is in the pre-application process or has applied to use an internal model (or a partial internal model) for the measurement of the risk profile, it shall describe the assessments made for preparing for the eventuality that the application to use the internal model would be rejected. Similar assessments shall be illustrated in case the undertaking has applied to use Undertaking Specific Parametres (USP).
13. Processes performed and assessments made by the undertaking to verify ongoing compliance with the requirements of the Code on technical provisions, capital requirement and composition of own funds.
14. Any reasons for the use of assumptions or methodologies specifically referenced in the IVASS Regulation.

D. Conclusions and use of the ORSA

15. Impact of the assessments made on the solvency needs in a medium-long term perspective. The impact must be represented in terms of SCR, solvency ratio and own funds. Evidence of the link between overall solvency needs, own funds and SCR. This also in line with capital management.
16. Detailed description of the conclusions drawn by the undertaking on the basis of the assessments made, with the indication of the actions taken or planned.
17. If the undertaking has used Long Term Guarantees measures, indication of the results - in terms of technical provisions, SCR, MCR as well as solvency ratio and own funds (including their composition) - that the undertaking would have obtained with and without applying such measures.
18. Links between the results of the assessments made, the overall solvency needs and the risk tolerance thresholds.
19. Links between the results of the assessments made and business strategies, including capital management strategies, business planning and product development programme. With regard to capital management, the influence of the outcomes of the ORSA on the medium-term capital management plan must be specified.
20. Estimate of the costs connected with obtaining any additional capital resources with respect to the current ones necessary to cover the overall solvency needs.
21. With reference to the branches, undertakings are required to specify any risks inherent to the other operations completed by undertakings of the third State that may have a significant impact on the operations of the branch itself.
22. Self-assessment of the ORSA, with indication of the areas of possible improvement both in terms of process and of interventions on capital and organisation.

The undertaking can include in the ORSA report any other information it deems useful to represent, consistently with the structure of the standard report.



ISTITUTO PER LA VIGILANZA
SULLE ASSICURAZIONI

I V A S S



Minimum content of the group ORSA Supervisory Report

The ultimate Italian parent undertaking shall submit IVASS a group ORSA report. The ultimate Italian parent undertaking may refer to information with the same content that is already available to IVASS, such as that contained in the public disclosure or provided in the periodic report for IVASS; in this case, the specific reference of the cited disclosure shall be indicated.

The report shall at least include:

A. Risk profile and strategy of the undertaking

1. The risk appetite, objectives, strategies and the relevant levels of risk tolerance set by the ultimate Italian parent undertaking for the group.

B. Information on the governance of the ORSA process

2. Objectives and scope of the group ORSA.
3. Entities of the group whose risks are the subject of the forward looking assessment (including undertakings falling within the scope of the assessment), and the relevant reasons.
4. Processes and procedures in place to conduct the group's forward looking assessment of its own risk profile, with the details of the procedures used to assess the risk arising from undertakings not belonging to the insurance group and from undertakings situated in non-EEA States.
5. Specific evidence of the link between the group's administrative body and that of the subsidiaries, as well as of the links between the functions of the group and of the undertakings involved in the ORSA process, relevant roles and responsibilities (decision-making process) in relation to the group ORSA process; this especially when the ultimate parent undertaking intends to exercise the right to submit a single report for all the group undertakings, which shall therefore include all the information required for subsidiaries.
6. Reconciliation between the time horizons of the strategic plan, of the medium-long term capital management plan and of the ORSA assessments, if they do not match.
7. Where the ultimate Italian parent undertaking has made use of the option envisaged in Article 215-ter of the Code (single ORSA document), evidence of the annual assessment concerning the persistence of the reasons underlying the choice made, with particular regard to any change in the ORSA process, in the governance and group structure.
8. If the ultimate Italian parent undertaking deviated for the reference date and/or for the deadlines for transmission of the ORSA supervisory report from the provisions respectively of Articles 12 and 15 of the Regulation, evidence of the annual assessment concerning the persistence of the reasons underlying the decisions made.
9. Specific descriptions or justification of decisions, concerning governance, made by the ultimate parent undertaking, that impact on the group ORSA process, required by the IVASS regulation.

C. Detailed information on the ORSA

10. Description of the current and forward looking assessments of the risks, at the level of the group, indicating, in particular:
 - a) the exposures to risks, focusing on those that are material for the group, methodologies used (for the measurement, aggregation and identification of material risks), especially in the forward looking assessments performed and in the stress tests or scenario analyses used to identify and assess them;
 - b) the assumptions used in the assessments, including the forward looking assessments, of the risks and the time horizon considered. To reconcile the need for an adequate projection of the activity of the undertaking with the need for credibility of the assumptions used, the time horizon considered shall be at least equal to three years and, as a rule, no longer than five years. The identification of a time horizon above five years shall be adequately justified;
 - c) of the Long Term Guarantees measures used in the assessment;
 - d) the results of the assessments made with regard to the group's risk profile, with the indication of the material risks coming from the group's undertakings, of the impact of the interdependencies between risks on the overall group's risk as well as of the specific risks the group could be exposed to.
11. Specific assessment of the risks linked to the composition of the group portfolio of assets, including those attributable to investments in Government bonds, arising from possible different macroeconomic scenarios. In this regard, the assessments should provide evidence:
 - a. of the stress assumptions considered in a changing macroeconomic scenario;
 - b. of the impact that such changes could have also on the future adequacy of the securities portfolio compared to the undertaking's commitments towards policyholders, should the stress assumptions considered occur;
 - c. of any initiatives the ultimate Italian parent undertaking might take, in the different scenarios, for a sound and prudent management of the group risks.
12. Assessments made by the group to check that the assumptions underlying the calculation of the capital requirement adequately capture the group's risk profile, highlighting any material deviations, taking also account of any LTG measures used.
13. Impact of the assessments made on the group's overall solvency needs. The impact must be represented in terms of SCR, solvency ratio and group's own funds.
14. Type and quality of the data used, with the description of the data relating to undertakings not belonging to the insurance group.
15. If the undertaking is in the pre-application process or has applied to use an internal model (or a partial internal model) for the measurement of the risk profile, the ultimate Italian parent undertaking shall state the reasons for which the internal model is, in its opinion, more appropriate to measure the group's risk profile, as well as the assessments made for preparing for the eventuality that the application to use the internal model would be rejected. The ultimate Italian parent undertaking shall also specify the undertakings excluded from the scope of the internal model and explain the relevant reasons. Similar assessments shall be made in case the ultimate Italian parent undertaking has applied to use Group Specific Parameters (GSP).

16. Assessments made and procedures adopted by the ultimate Italian parent undertaking to verify potential compliance on a continuous basis with the requirements established by the Code also with respect to:
- a) the assessment of the sources of own funds within the group if there is a need for additional funds;
 - b) the assessment of availability, fungibility and transferability of own funds within the group;
 - c) references to any planned transfer of own funds within the group.
17. Any reasons for the use of assumptions or methodologies specifically referenced in the IVASS regulation.

D. Conclusions and use of the ORSA

18. Detailed description of the conclusions drawn by the ultimate parent undertaking on the basis of the assessments made, with the indication of the actions taken or planned.
19. If the group has used LTG measures, evidence of the results - in terms of technical provisions, SCR, MCR as well as solvency ratio and own funds - that the undertaking would have obtained with or without applying such measures.
20. Links between the results of the assessments made and the group's business strategies, specifying whether individual strategies are aligned with the ones established at the level of the group.
21. Links between the results of the assessments made, the overall solvency needs and the risk tolerance thresholds (group) in line with the group's strategies.
22. Indication of the areas of possible improvement both in terms of group ORSA process and of interventions on capital and organisation.

The ultimate Italian parent undertaking can include in the group ORSA report any other information it deems useful to represent, consistently with the structure of the standard report.