**Preface**

The purpose of this working program is to document possible audit/assurance procedures planned and performed in respect of the capital requirement for insurance risk.

This audit program contains procedures relating to internal controls, substantive audit procedures and analytical procedures. The extent of detailed testing is not specified and should be determined based on the nature of the procedure, the inherent risk assessment and the outcome of internal control testing.

We note that this program is based on the assumption that sufficient testing (both internal controls and substantive) has been performed on the underwriting, claims, actuarial, reinsurance and other operational processes of the insurance undertaking by the auditor during the audit of the statutory accounts and/or periodic returns. As a result, this working program only covers the additional procedures to be performed by the auditor in order to obtain reasonable assurance on the calculation in accordance with the Solvency II framework.

This working program is composed of two parts. The first part deals with the reliance that can be placed on internal controls. For the various components of the process, typical internal controls that can be expected to be in place have been listed. These lists are however not to be considered as exhaustive and should be tailored to each specific assignment. Three different categories of controls are used: operating controls, IT controls and model governance controls. The auditor’s evaluation over internal controls covers the both the evaluation of the design and implementation of the internal control identified and the evaluation of the operating effectiveness of internal controls for which the design has been assessed as effective.

Evaluating the design of a control involves considering whether the control, individually or in combination with other controls, is capable of effectively preventing, or detecting and correcting, material misstatements. Implementation of a control means that the control exists and that the entity is using it. Procedures to obtain audit evidence about the design and implementation of relevant controls may include inquiring of entity personnel, observing the application of specific controls, inspecting documents and reports and tracing transactions through the relevant information system (walk through). Inquiry alone, however, is not sufficient to evaluate the design and implementation of relevant controls. When evaluating the design and implementation of a control, the auditor considers the objective of the control (which also addresses the risk, including fraud risk, it helps to mitigate), how it is performed and documented, including the nature and size of the potential misstatements addressed and end-user computing considerations, the nature of the control, whether the control addresses a fraud risk, how frequently it is applied, the knowledge, experience and skills of the person performing it (if a manual control or a manual control with an automated component), the related IT application, if any, size and complexity of the entity, the auditor’s existing knowledge of the entity's internal controls and the nature and extent of changes in the systems and operations.

Testing the operating effectiveness of controls is performed only on those controls for which the auditor believes that those are suitably designed to prevent, or detect and correct, a material misstatement in an assertion. The following audit procedures may be used, often in combination, to obtain audit evidence about the operating effectiveness of controls: inquiry, observation, inspection, reperformance and recalculation. Inquiry alone is not sufficient to test the operating effectiveness of controls. Accordingly, other audit procedures are performed in combination with inquiry.

The second part deals with the additional substantive procedures to be performed. The determination of the extent of substantive procedures is dependent on the operating effectiveness of internal controls. This part of the program is based on the assumption that full reliance can be placed on internal controls identified in the first part of this working program (given the fact that both the Solvency II framework and the law of 13 March 2016 require that the insurance undertaking must have a system of internal control adapted to the nature, size and complexity of the business). In case that certain internal controls would be missing or that certain internal controls are not operating effectively, these substantive procedures require further completion, by designing and performing procedures (based on the controls identified in the first part of this document) substantively by reference to known sampling methods (statistical sampling, non-statistical sampling, attribute sampling). This part also requires further customization to the specific characteristics of the insurance company. In appendix, a non-exhaustive list of substantive procedures has been attached to this working program that the auditor can use for the selection of additional substantive procedures in case for certain internal controls the design and/or operating effectiveness would be evaluated as “non-effective”.

Attention is also drawn to the fact that this program is based on the assumption that sufficient testing (both internal controls and substantive) has been performed on the underwriting, claims, actuarial, reinsurance and other operational processes of the insurance company by the auditor during the audit of the statutory accounts / periodic returns. As a result, this working program only covers the additional procedures to be performed by the auditor in order to obtain reasonable assurance on the best estimate calculations in accordance with the Solvency II framework.

Abbreviations used in this document

For the assertions C, E, A, V, O, P: Completeness, Existence, Accuracy, Valuation, Ownership, Presentation

EUC: End User Computing

**Collaboration with independent control functions and other experts**

During the execution of the audit/assurance procedures on the SCR calculations, the statutory auditor will contact, inquire and review the reports of the different independent control functions in order to ensure that recommendations / remarks issued by these control functions have been properly addressed by the insurance undertaking for the calculation of the best estimate.

It is required that the statutory auditor inquires the internal audit function in order to assess to what extent internal audit has performed any audit assignments with respect to the SCR calculations performed by the insurance undertaking.

When the statutory auditor decided to rely (partly) on the work performed by internal audit, the actuarial function or any other (management) expert, it follows the requirements set forth in ISA 610 “*Using the work of internal audit*” and/or ISA 500 “*Audit Evidence*” (which is broadly consistent with ISA 620 “Using the work of an auditor’s expert”). In this context it is to be noted that the auditor has the sole responsibility for the assurance report expressed, and that responsibility is not reduced by the auditor’s use of internal audit and/or expert. Once the auditor has determined to use the work of internal audit or an expert, it will:

* evaluate the competence and capabilities of the internal audit function/expert;
* evaluate the objectivity of the internal audit function/expert;
* obtain an understanding of the internal audit function’s /expert’s field of expertise;
* agree terms of the collaboration (in particular the scope of the work, which should be consistent with the procedures indicated in this working program);
* evaluate the adequacy of the work performed (including review of working papers prepared and if deemed necessary re-performance of procedures).

**PART I – INTERNAL CONTROLS TESTING**

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| **Control reference** | **Anti - fraud control**  | **Significant account/ disclosure** | **C** | **E** | **A** | **V** | **O** | **P** | **Evaluation of the control’s design and implementation** | **Evaluation of the control’s operating effectiveness** |
| **Results of evaluation of design and implementation** | **W/P Ref** | **Control description** | **Results of test(s) of operating effectiveness** | **Done by and date** | **W/P Ref** |
| IC 01 |  | SCR Insurance risk |  |  |  |  |  |  |  |  | General* Understand the undertaking’s process of calculation, analyzing, validation and approving SCR Insurance risk.

Identify and test key internal controls in this process.* Review decision and documentation process for correctly applying the Delegated Regulation for calculating SCR Insurance risk (interpretations, decision process for applying simplifications …).

IT related controls* General IT controls.
* Automated controls on interfacing between administrative / accounting / modelling systems used for the calculation of the SCR Insurance risk.
* Controls for data input into EUC applications (if any).
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| IC 01 |  | SCR Insurance risk |  |  |  |  |  |  |  |  | Input data* Controls relating to data quality.
* Assess adequacy of inputs used for SCR calculation.
* Data Governance controls on decisions in the data structuring process, especially on authorization, documentation and rationale.
* 4-eyes principles (e.g. on major corrections, adjustments and manual entries).

Calculation* Assess adequacy of SCR calculation with the Delegated Regulation provided by EIOPA
* Manual calculation steps:

4-eyes principle on performed manual calculation steps. * Automated SCR calculation steps:
* Test and approval process of the automated model scope & design.
* Review of conceptual design incl. comparison to the initial scope and assessment on implications to the overall model environment
* Test and approval of the model implementation.
* Checks and controls based on the company’s model change guidelines:
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| IC 01 |  | SCR – Insurance risk  |  |  |  |  |  |  |  |  | Validation controls and assessment of results* Governance controls on authorization & review.
* Documentation and rationale especially regarding sufficient assessment of stability and robustness of results.
* Plausibility checks on results.
* Management review on results.
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**PART II - SUBSTANTIVE TESTING**

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| **Rationale for risk of significant misstatement assessment** | **Risk of significant misstatement (ROSM)** |
| Inherent risk | Inherent risk is assessed as significant.Due to the significant uncertainty and judgments involved, there is inherent risk in the calculation of the long-term business amounts. Provisioning directly impacts on solvency, capital adequacy and the going concern assumption. Additionally, specific inherent risk of miscalculation of best estimates including lack of control over actuarial modelling and inappropriate choice of assumptions. | LOW MEDIUM HIGH |
| Control risk | To assess the control risk based on the audit team’s evaluation over the design, implementation and operating effectiveness of controls identified in the reserving process (see chapter I Working program control testing). |

1. **SCR Life Underwriting Risk**

| **AP Reference** | **Nature, timing and extent of audit/assurance procedures**  | **Significant account / disclosure** | **Reference to Solvency II framework** **E****A****V****O****P** | **Done by and date** | **W/P Ref** |
| --- | --- | --- | --- | --- | --- |
|  **General** |
| SCR\_INS | Check which sub-modules of SCR Life Underwriting Risk are considered applicable and relevant by the undertaking. Evaluate whether this assessment is appropriate. Obtain the analysis performed by the client to make this assessment. Inquire about the timing of the assessment.  | SCR Life Insurance risk | - Article 157 of the Solvency II Law of 13 March 2016- Articles 136 to 143 of the Delegated Regulation 2015/35 |  |  |
| SCR\_INS | Verify that the overall *SCR Life* and *net SCR Life* have been calculated correctly, based on the prescribed correlation matrix. | SCR Life Insurance risk | - Solvency II Law of 13 March 2016 – Annex III (3)- Delegated Regulation 2015/35 – Article 136 |  |  |
| SCR\_INS | Substantive analytical procedures - Compare SCR Life Underwriting Risk with previous period and explain fluctuationsPerform an analytical review on the sub-modules of the SCR Life Underwriting risk: SCR Mortality Risk Life - SCR Longevity Risk Life - SCR Disability Risk Life - SCR Lapse Risk Life - SCR Expense Risk Life - SCR Revision Risk Life - SCR Cat Risk LifeWhen performing an analytical review we start by setting our expectations with respect to the outcome of the fluctuations based on our work performed on the BE Life and our knowledge of the business and the life underwriting risks. | SCR Life Insurance risk |  |  |  |
| **Mortality Risk** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving SCR Life Mort. Identify and test key internal controls in this process. | SCR Life Insurance – Mortality risk | - Article 157, 1° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that SCR Life Mort has been calculated on all in-force (re)insurance policies where mortality risk is relevant. | SCR Life Insurance – Mortality risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Life Mort* is consistent with the applicable Delegated Regulation (correct application of scenario-based approach).  | SCR Life Insurance – Mortality risk | - Delegated Regulation 2015/35 – Article 137 - Delegated Regulation 2015/35 – point (69), Article 83 and Article 206- Circular letter NBB\_2016\_17 - Guidelines on application of the life underwriting risk module |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Life Insurance – Mortality risk | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Life Insurance – Mortality risk | - Delegated Regulation 2015/35 – Article 91 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Life Insurance – Mortality risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Life Insurance – Mortality risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Life Mort* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Life Insurance – Mortality risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Life Mort* calculation and of the ratio *net* versus *gross*. | SCR Life Insurance – Mortality risk | - Delegated Regulation 2015/35 – point (69) and Article 206 |  |  |
| **Longevity Risk** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Life Long*. Identify and test key internal controls in this process. | SCR Life Insurance – Longevity Risk | - Article 157, 2° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that *SCR Life Long* has been calculated on all in-force (re)insurance policies where longevity risk is relevant. | SCR Life Insurance – Longevity Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating SCR Life Long is consistent with the applicable Delegated Regulation (correct application of scenario-based approach). | SCR Life Insurance – Longevity Risk | - Delegated Regulation 2015/35 – Article 138- Delegated Regulation 2015/35 – point (69), Article 83 and Article 206- Circular letter NBB\_2016\_17 - Guidelines on application of the life underwriting risk module |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Life Insurance – Longevity Risk | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Life Insurance – Longevity Risk | - Delegated Regulation 2015/35 – Article 92  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Life Insurance – Longevity Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Life Insurance – Longevity Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Life Long* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Life Insurance – Longevity Risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Life Long* calculation and of the ratio *net* versus *gross*. | SCR Life Insurance – Longevity Risk | - Delegated Regulation 2015/35 – point (69) and Article 206 |  |  |
| **Morbidity – Disability Risk** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Life Disability*. Identify and test key internal controls in this process. | SCR Life Insurance – Morbidity - Disability Risk | - Article 157, 3° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that *SCR Life Disability* has been calculated on all in-force (re)insurance policies where longevity risk is relevant. | SCR Life Insurance – Morbidity - Disability Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Life Disability*  is consistent with the applicable Delegated Regulation (correct application of scenario-based approach). | SCR Life Insurance – Morbidity - Disability Risk | - Delegated Regulation 2015/35 – Article 139- Circular letter NBB\_2016\_17 - Guidelines on application of the life underwriting risk module |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Life Insurance – Morbidity - Disability Risk | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Life Insurance – Morbidity - Disability Risk | - Delegated Regulation 2015/35 – Article 93  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Life Insurance – Morbidity - Disability Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Life Insurance – Morbidity - Disability Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Life Disability* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Life Insurance – Morbidity - Disability Risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Life Disability* calculation and of the ratio *net* versus *gross*. | SCR Life Insurance – Morbidity - Disability Risk | - Delegated Regulation 2015/35 – point (69) and Article 206 |  |  |
| **Lapse Risk** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Life Lapse*. Identify and test key internal controls in this process. | SCR Life Insurance – Lapse Risk | - Article 157, 6° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that *SCR Life Lapse* has been calculated on all in-force (re)insurance policies where lapse risk is relevant. | SCR Life Insurance – Lapse Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Life Lapse* is consistent with the applicable Delegated Regulation(correct application of scenario-based approach) | SCR Life Insurance – Lapse Risk | - Delegated Regulation 2015/35 – Article 142  |  |  |
| SCR\_INS | Evaluate whether the type of the shock (down, up or mass) that prevails is consistent with our understanding of the risk of the underlying portfolios and in line with our expectations. | SCR Life Insurance – Lapse Risk |  |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Life Insurance – Lapse Risk | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Life Insurance – Lapse Risk | - Delegated Regulation 2015/35 – Article 95  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Life Insurance – Lapse Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Life Insurance – Lapse Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Life Lapse* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Life Insurance – Lapse Risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Life Lapse* calculation and of the ratio *net* versus *gross*. | SCR Life Insurance – Lapse Risk | - Delegated Regulation 2015/35 – point (69) and Article 206 |  |  |
| **Expense Risk** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Life Exp*. Identify and test key internal controls in this process. | SCR Life Insurance – Expense Risk | - Article 157, 4° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that *SCR Life Exp* has been calculated on all in-force (re-)insurance policies. | SCR Life Insurance – Expense Risk |  |  |  |
| SCR\_INS | Verify that *SCR Life Exp* has been calculated for all variable expenses and taking into account realistic management actions relating to loadings. | SCR Life Insurance – Expense Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Life Exp* is consistent with the applicable Delegated Regulation (correct application of scenario-based approach). | SCR Life Insurance – Expense Risk | - Delegated Regulation 2015/35 – Article 140 |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Life Insurance – Expense Risk | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Life Insurance – Expense Risk | - Delegated Regulation 2015/35 – Article 94 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Life Insurance – Expense Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Life Insurance – Expense Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Life Exp* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Life Insurance – Expense Risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Life Exp* calculation and of the ratio *net* versus *gross*. | SCR Life Insurance – Expense Risk | - Delegated Regulation 2015/35 – point (69) and Article 206 |  |  |
| **Revision Risk** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Life Rev*. Identify and test key internal controls in this process. | SCR Life Insurance – Revision Risk | - Article 157, 5° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that *SCR Life Rev* has been calculated on all in-force (re)insurance policies where revision risk is relevant. | SCR Life Insurance – Revision Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Life Rev* is consistent with the applicable Delegated Regulation (correct application of scenario-based approach). | SCR Life Insurance – Revision Risk | - Delegated Regulation 2015/35 – Article 141  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Life Insurance – Revision Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Life Insurance – Revision Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Life Rev* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Life Insurance – Revision Risk | - Delegated Regulation 2015/35 – point (69) and Article 206 |  |  |

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| **Catastrophe Risk (Life)** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Life Cat*. Identify and test key internal controls in this process. | SCR Life Insurance – Catastrophe Risk (Life) | - Article 157, 7° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that *SCR Life Cat* has been calculated on all in-force (re)insurance policies where mortality risk is relevant. | SCR Life Insurance – Catastrophe Risk (Life) |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Life Cat* is consistent with the applicable Delegated Regulation (correct application of scenario-based approach). | SCR Life Insurance – Catastrophe Risk (Life) | - Delegated Regulation 2015/35 – Article 143 |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Life Insurance – Catastrophe Risk (Life) | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Life Insurance – Catastrophe Risk (Life) | - Delegated Regulation 2015/35 – Article 96 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Life Insurance – Catastrophe Risk (Life) | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Life Insurance – Catastrophe Risk (Life) | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Life Cat* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Life Insurance – Catastrophe Risk (Life) |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Life Cat* calculation and of the ratio *net* versus *gross*. | SCR Life Insurance – Catastrophe Risk (Life) | - Delegated Regulation 2015/35 – point (69) and Article 206 |  |  |

1. **SCR Non-Life Underwriting Risk**

| **AP Reference** | **Nature, timing and extent of audit/assurance procedures**  | **Significant account / disclosure** | **Reference to Solvency II framework** | **Done by and date** | **W/P Ref** |
| --- | --- | --- | --- | --- | --- |
|  **General** |
| SCR\_INS | Check which sub-modules of SCR Non-Life Underwriting Risk are considered applicable and relevant by the undertaking. Evaluate whether this assessment is appropriate. Obtain the analysis performed by the client to make this assessment. Inquire about the timing of the assessment.  | SCR Non-Life Insurance risk | - Article 156 of the Solvency II Law of 13 March 2016- Articles 114 to 135 of Delegated Regulation 2015/35 |  |  |
| SCR\_INS | Verify that the overall SCR Non-Life has been calculated correctly, based on the prescribed correlation matrix. | SCR Non-Life Insurance risk | - Solvency II Law of 13 March 2016 – Annex III (2)- Article 114 of Delegated Regulation 2015/35 |  |  |
| SCR\_INS | Perform an analytical review on the sub-modules of the SCR Non-Life Underwriting risk: SCR Non-Life Premium and Reserve Risk - SCR Non-Life Lapse Risk - SCR Non-Life Catastrophe Risk. When performing an analytical review we start by setting our expectations with respect to the outcome of the fluctuations based on our work performed on the BE Claims Provisions and the BE Premium Provisions and our knowledge of the business and the non-life underwriting risks. | SCR Non-Life Insurance risk |  |  |  |
|  **Non-Life Premium and Reserve Risk****l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Non-Life pr*. Identify and test key internal controls in this process. | SCR Non-Life – Non Life Premium and Reserve risk | - Article 157, §2, 1° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that *SCR Non-Life pr* has been calculated on all relevant segments and that the prescribed segmentation has been correctly applied. | SCR Non-Life – Non Life Premium and Reserve risk |  |  |  |
| SCR\_INS | Reconcile the existing and previous earned premiums by segment, both gross and net of reinsurance, with accounting records and evaluate reasonableness of estimated future earned premiums based on current and past premium income, forecasts, budgets, management information or other sources. | SCR Non-Life – Non Life Premium and Reserve risk |  |  |  |
| SCR\_INS | Reconcile the best estimate for net claims outstanding per segment applied in the calculation of *SCR Non-Life pr* with the best estimate included in the SII economic balance sheet. | SCR Non-Life – Non Life Premium and Reserve risk |  |  |  |
| SCR\_INS | Verify that the volume measure for premium risk has been calculated in conformity with applicable Delegated Regulation, both per segment and overall. | SCR Non-Life – Non Life Premium and Reserve risk | - Delegated Regulation 2015/35 – Article 116 point 3 |  |  |
| SCR\_INS | Verify that the volume measure for reserve risk has been calculated in conformity with applicable Delegated Regulation, both per segment and overall. | SCR Non-Life – Non Life Premium and Reserve risk | - Delegated Regulation 2015/35 – Article 116 point 6 |  |  |
| SCR\_INS | Verify that the standard deviation for Life premium and reserve risk has been calculated in conformity with applicable Delegated Regulation, both per segment and overall, i.e. based on the prescribed formula, the prescribed percentages by segment, taking into account the adjustment for non-proportional reinsurance and the prescribed correlation matrix. | SCR Non-Life – Non Life Premium and Reserve risk | - Delegated Regulation 2015/35 – Article 117 |  |  |
| SCR\_INS | Verify that the *SCR Non-Life pr* is calculated in conformity with applicable Delegated Regulation, based on overall volume and overall standard deviation. | SCR Non-Life – Non Life Premium and Reserve risk | - Delegated Regulation 2015/35 – Article 115 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Non-Life – Non Life Premium and Reserve risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR Non-Life pr* calculation, by segment, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Non-Life – Non Life Premium and Reserve risk |  |  |  |
| **Non-Life Lapse Risk****l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Non-Life Lapse*. Identify and test key internal controls in this process. | SCR Non-Life – Non Life Lapse risk |  |  |  |
| SCR\_INS | Verify that *SCR Non-Life Lapse* has been calculated in conformity with applicable Delegated Regulation, including amongst others that the prescribed formulae have been used, the prescribed parameters have been used and the resulting impact on Basic Own Funds has been calculated correctly. | SCR Non-Life – Non Life Lapse risk | - Delegated Regulation 2015/35 – Article 118 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Non-Life – Non Life Lapse risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR Non-Life Lapse* calculation, by segment, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Non-Life – Non Life Lapse risk |  |  |  |
| **Non-Life Catastrophe Risk****l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Non-Life Cat*. Identify and test key internal controls in this process. | SCR Non-Life – Non Life Catastrophe risk | - Article 157, §2, 2° of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Verify that the overall *SCR Non-Life Cat* has been calculated in conformity with applicable Delegated Regulation, based on the SCR from the sub-modules Natural Cat, Man-made Cat, Other Non-Life Cat and Non-proportional Property Reinsurance Cat. | SCR Non-Life – Non Life Catastrophe risk | - Delegated Regulation 2015/35 – Article 119- Circular Letter NBB\_2016\_15: Guidelines on application of outwards reinsurance arrangements to the non- life underwriting risk sub-module: Section II |  |  |
| **Nat Cat****l** |
| SCR\_INS | Verify that the *SCR Nat Cat* has been calculated in conformity with applicable Delegated Regulation, based on the SCR from the sub-modules Windstorm, Earthquake, Flood, Hail and Subsidence. | SCR Non-Life – Non Life Catastrophe risk– Nat Cat | - Delegated Regulation 2015/35 – Article 120 |  |  |
| SCR\_INS | Verify for each of these sub-modules that the *SCR (Windstorm / Earthquake / Flood / Hail / Subsidence)* has been calculated in conformity with applicable Delegated Regulation, including amongst others (i) that the prescribed formulae have been used, (ii) that the prescribed parameters have been used, (iii) that the definition of geo regions and zones have been applied correctly, (iv) that reinsurance (existing cover and reinstatements) has been taken into account correctly, (v) that the resulting impact on Basic Own Funds has been calculated correctly. | SCR Non-Life – Non Life Catastrophe risk– Nat Cat | - Delegated Regulation 2015/35 – Article 121 to 125- Delegated Regulation 2015/35 – Article 126- Circular Letter NBB\_2016\_15: Guidelines on application of outwards reinsurance arrangements to the non- life underwriting risk sub-module: Guideline 9 and 10 |  |  |
| SCR\_INS | Evaluate completeness and correctness of sums insured relating to contracts in the Lines of Business specified covering (Windstorm / Earthquake / Flood / Hail / Subsidence) through an appropriate combination of (i) understanding the processes and testing internal controls, (ii) performing tests of details, and (iii) analytical procedures. | SCR Non-Life – Non Life Catastrophe risk– Nat Cat |  |  |  |
| SCR\_INS | Obtain and evaluate the calibration of resulting (Windstorm / Earthquake / Flood / Hail / Subsidence) losses, risk weights, risk factors and correlation coefficients at 99,5% VaR. | SCR Non-Life – Non Life Catastrophe risk– Nat Cat |  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Non-Life – Non Life Catastrophe risk– Nat Cat | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR Nat Cat* calculation, by sub-module, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Non-Life – Non Life Catastrophe risk– Nat Cat |  |  |  |
| **Non-proportional Property RI****l** |
| SCR\_INS | Verify that the *SCR NP prop* has been calculated in conformity with applicable Delegated Regulation, including amongst others that the prescribed formulae have been used, the prescribed parameters have been used and the resulting impact on Basic Own Funds has been calculated correctly. | SCR Non-Life – Non Life Catastrophe risk– Non-proportional Property RI | - Delegated Regulation 2015/35 – Article 127- Circular Letter NBB\_2016\_15: Guidelines on application of outwards reinsurance arrangements to the non- life underwriting risk sub-module: Guideline 11 |  |  |
| SCR\_INS | Evaluate reasonableness of estimated future earned premiums as defined in applicable Delegated Regulation based on current and past premium income, forecasts, budgets, management information or other sources | SCR Non-Life – Non Life Catastrophe risk– Non-proportional Property RI |  |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR NP prop* calculation, by comparing results with the auditor’s expectations, prior period calculations and benchmarking. | SCR Non-Life – Non Life Catastrophe risk– Non-proportional Property RI |  |  |  |
| **Man Made Cat****l** |
| SCR\_INS | Verify that the *SCR MM Cat* has been calculated in conformity with applicable Delegated Regulation, based on the SCR from the sub-modules Motor, Fire, Marine, Aviation, Liability and Credit & Suretyship. | SCR Non-Life – Non Life Catastrophe risk– Man Made Cat | - Delegated Regulation 2015/35 – Article 128 |  |  |
| SCR\_INS | Verify for each of these sub-modules that the *SCR (*Motor / Fire / Marine / Aviation / Liability / C&S*)* has been calculated in conformity with applicable Delegated Regulation, including amongst others that the prescribed formulae have been used, the prescribed parameters have been used and the resulting impact on Basic Own Funds has been calculated correctly. | SCR Non-Life – Non Life Catastrophe risk– Man Made Cat | - Delegated Regulation 2015/35 – Article 129 to 134- Circular Letter NBB\_2016\_15: Guidelines on application of outwards reinsurance arrangements to the non- life underwriting risk sub-module: Guidelines 12, 13 and 14 |  |  |
| SCR\_INS | Evaluate for each of these sub-modules (Motor / Fire / Marine / Aviation / Liability / C&S) completeness and correctness of relevant inputs (number of vehicles, sums insured, gross premiums earned, …) relating to contracts in the Lines of Business specified through an appropriate combination of (i) understanding the processes and testing internal controls, (ii) performing tests of details, and (iii) analytical procedures. | SCR Non-Life – Non Life Catastrophe risk– Man Made Cat |  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Non-Life – Non Life Catastrophe risk– Man Made Cat | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR MM Cat* calculation, by sub-module, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Non-Life – Non Life Catastrophe risk– Man Made Cat |  |  |  |

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| **Other non-life Cat****L** |
| SCR\_INS | Verify that the *SCR other cat* has been calculated in conformity with applicable Delegated Regulation, including amongst others that the prescribed formulae have been used, the prescribed parameters have been used and the resulting impact on Basic Own Funds has been calculated correctly. | SCR Non-Life – Non Life Catastrophe risk– Other non-life Cat | - Delegated Regulation 2015/35 – Article 135 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Non-Life – Non Life Catastrophe risk– Other non-life Cat | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Evaluate reasonableness of estimated future earned premiums as defined in applicable Delegated Regulation based on current and past premium income, forecasts, budgets, management information or other sources. | SCR Non-Life – Non Life Catastrophe risk– Other non-life Cat |  |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR other cat* calculation, by comparing results with the auditor’s expectations, prior period calculations and benchmarking. | SCR Non-Life – Non Life Catastrophe risk– Other non-life Cat |  |  |  |

1. **SCR Health Underwriting Risk**

| **AP Reference** | **Nature, timing and extent of audit/assurance procedures**  | **Significant account / disclosure** | **Reference to Solvency II framework** | **Done by and date** | **W/P Ref** |
| --- | --- | --- | --- | --- | --- |
|  **General** |
| SCR\_INS | Check how the split between SLT and Non-SLT has been defined and applied by the undertaking and evaluate whether this is appropriate. | SCR Health Insurance Risk | - Article 156 of the Solvency II Law of 13 March 2016 |  |  |
| SCR\_INS | Check how the split between Medical expense insurance and Income protection insurance has been defined and applied by the undertaking and evaluate whether this is appropriate. | SCR Health Insurance Risk |  |  |  |
| SCR\_INS | Check which sub-modules of Health Underwriting Risk are considered applicable and relevant by the undertaking. Evaluate whether this assessment is appropriate. **Note**: The assessment of the appropriateness of management actions (cfr. Art. 23 of Delegated Regulation 2015/35) (e.g. future premium indexations on top of the medical inflation in certain scenario’s) within health insurance is the responsibility of the NBB as the NBB has to approve premium indexations on top of the medical index. | SCR Health Insurance Risk |  |  |  |
| SCR\_INS | Verify that the overall *SCR Health* and *net SCR Health*, as well as the subtotals of *SCR Health SLT* and *SCR Health non SLT* have been calculated correctly, based on the prescribed correlation matrix. | SCR Health Insurance Risk | - Delegated Regulation 2015/35 – Article 144, 145 and 151 |  |  |
| **SLT Health Mortality Risk****l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health SLT Mort*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Health Mortality Risk |  |  |  |
| SCR\_INS | Verify that *SCR Health SLT Mort* has been calculated on all in-force (re)insurance policies where mortality risk is relevant. | SCR Health Insurance Risk – Health Mortality Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Health SLT Mort* is consistent with the applicable Delegated Regulation.  | SCR Health Insurance Risk – Health Mortality Risk | - Delegated Regulation 2015/35 – Article 152 |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Health Insurance Risk – Health Mortality Risk | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Health Insurance Risk – Health Mortality Risk | - Delegated Regulation 2015/35 – Article 97 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Health Mortality Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Health Insurance Risk – Health Mortality Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Health SLT Mort* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Health Mortality Risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Health SLT Mort* calculation and of the ratio *net* versus *gross*. | SCR Health Insurance Risk – Health Mortality Risk |  |  |  |
| **SLT Health Longevity Risk****l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health SLT Long*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Health Longevity Risk |  |  |  |
| SCR\_INS | Verify that *SCR Health SLT Long* has been calculated on all in-force (re)insurance policies where longevity risk is relevant. | SCR Health Insurance Risk – Health Longevity Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Health SLT Long* is consistent with the applicable Delegated Regulation. | SCR Health Insurance Risk – Health Longevity Risk | - Delegated Regulation 2015/35 – Article 153 |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Health Insurance Risk – Health Longevity Risk | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Health Insurance Risk – Health Longevity Risk | - Delegated Regulation 2015/35 – Article 98 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Health Longevity Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Health Insurance Risk – Health Longevity Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Health SLT Long* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Health Longevity Risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Health SLT Long* calculation and of the ratio *net* versus *gross*. | SCR Health Insurance Risk – Health Longevity Risk |  |  |  |
| **SLT Health Disability - Morbidity Risk – Medical Expense Insurance** **l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health SLT Medical*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance |  |  |  |
| SCR\_INS | Verify that *SCR Health SLT Medical* has been calculated on all in-force (re)insurance policies where medical inflation risk is relevant. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Health SLT Medical* is consistent with the applicable Delegated Regulation. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance | - Delegated Regulation 2015/35 – Article 154 and 155 |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance | - Delegated Regulation 2015/35 – Article 99 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Health SLT Medical* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Health SLT Medical* calculation and of the ratio *net* versus *gross*. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Medical Expense Insurance |  |  |  |
| **SLT Health Disability - Morbidity Risk – Income Protection Insurance** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health SLT Income*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance |  |  |  |
| SCR\_INS | Verify that *SCR Health SLT Income* has been calculated on all in-force (re)insurance policies where this risk is relevant. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance | - Delegated Regulation 2015/35 – Article 154 and 156 |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Health SLT Income* is consistent with the applicable Delegated Regulation. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance |  |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance | - Article 165 of the Solvency II Law of 13 March 2016- Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance | - Delegated Regulation 2015/35 – Article 100 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Health SLT Income* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Health SLT Income* calculation and of the ratio *net* versus *gross*. | SCR Health Insurance Risk – Health Disability – Morbidity Risk – Income Protection Insurance |  |  |  |
| **SLT Health Lapse Risk****e** **l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health SLT Lapse*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Health Lapse Risk |  |  |  |
| SCR\_INS | Verify that *SCR Health SLT Lapse* has been calculated on all in-force (re)insurance policies where lapse risk is relevant. | SCR Health Insurance Risk – Health Lapse Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Health SLT Lapse* is consistent with the applicable Delegated Regulation. | SCR Health Insurance Risk – Health Lapse Risk |  |  |  |
| SCR\_INS | Evaluate whether the type of the shock (down, up or mass) that prevails is consistent with our understanding of the risk of the underlying portfolios and in line with our expectations. | SCR Health Insurance Risk – Health Lapse Risk | - Delegated Regulation 2015/35 – Article 159 |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Health Insurance Risk – Health Lapse Risk | - Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Health Insurance Risk – Health Lapse Risk | - Delegated Regulation 2015/35 – Article 101 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Health Lapse Risk | - - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Health Insurance Risk – Health Lapse Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Health SLT Lapse* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Health Lapse Risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Health SLT Lapse* calculation and of the ratio *net* versus *gross*. | SCR Health Insurance Risk – Health Lapse Risk |  |  |  |
| **SLT Health Expense Risk****e** **l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health SLT Exp*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Health Expense Risk |  |  |  |
| SCR\_INS | Verify that *SCR Health SLT Exp* has been calculated on all in-force (re-)insurance policies. | SCR Health Insurance Risk – Health Expense Risk |  |  |  |
| SCR\_INS | Verify that *SCR Health SLT Exp* has been calculated for all variable expenses and taking into account realistic management actions relating to loadings. | SCR Health Insurance Risk – Health Expense Risk | - Delegated Regulation 2015/35 – Article 157 |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Health SLT Exp* is consistent with the applicable Delegated Regulation. | SCR Health Insurance Risk – Health Expense Risk |  |  |  |
| SCR\_INS | If the simplified formula is applied, evaluate whether criteria for simplification have been met. | SCR Health Insurance Risk – Health Expense Risk | - Delegated Regulation 2015/35 – Article 83 (3) and 88 |  |  |
| SCR\_INS | If the simplified formula is applied, verify that the correct formula has been applied. | SCR Health Insurance Risk – Health Expense Risk |  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Health Expense Risk |  - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Health Insurance Risk – Health Expense Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Health SLT Exp* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Health Expense Risk |  |  |  |
| SCR\_INS | Evaluate reasonableness of the *net SCR Health SLT Exp* calculation and of the ratio *net* versus *gross*. | SCR Health Insurance Risk – Health Expense Risk |  |  |  |
| **SLT Health Revision Risk****e** **l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health SLT Rev*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Health Revision Risk |  |  |  |
| SCR\_INS | Verify that *SCR Health SLT Rev* has been calculated on all in-force (re)insurance policies where revision risk is relevant. | SCR Health Insurance Risk – Health Revision Risk |  |  |  |
| SCR\_INS | Verify that the shock applied for calculating *SCR Health SLT Rev* is consistent with the applicable Delegated Regulation. | SCR Health Insurance Risk – Health Revision Risk | - Delegated Regulation 2015/35 – Article 158 |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Health Revision Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Where relevant, test correct application of the stress on the relevant assumptions in the projection of cash flows. | SCR Health Insurance Risk – Health Revision Risk | - Delegated Regulation 2015/35 – Article 83  |  |  |
| SCR\_INS | Evaluate reasonableness of the *SCR Health SLT Rev* calculation, by portfolio of products, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Health Revision Risk |  |  |  |

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| **Non SLT Health Premium and Reserve Risk****e** **l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health non SLT pr*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk |  |  |  |
| SCR\_INS | Verify that *SCR Health non SLT pr* has been calculated on all relevant segments and that the prescribed segmentation has been correctly applied. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk |  |  |  |
| SCR\_INS | Reconcile the existing and previous earned premiums by segment, both gross and net of reinsurance, with accounting records and evaluate reasonableness of estimated future earned premiums based on current and past premium income, forecasts, budgets, management information or other sources. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk |  |  |  |
| SCR\_INS | Reconcile the best estimate for net claims outstanding per segment applied in the calculation of *SCR Health non SLT pr* with the best estimate included in the SII economic balance sheet. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk |  |  |  |
| SCR\_INS | Verify that the volume measure for premium risk has been calculated in conformity with applicable Delegated Regulation, both per segment and overall. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk | - Delegated Regulation 2015/35 – Article 147 |  |  |
| SCR\_INS | Verify that the volume measure for reserve risk has been calculated in conformity with applicable Delegated Regulation, both per segment and overall. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk | - Delegated Regulation 2015/35 – Article 147 |  |  |
| SCR\_INS | Verify that the standard deviation for Life premium and reserve risk has been calculated in conformity with applicable Delegated Regulation, both per segment and overall, i.e. based on the prescribed formula, the prescribed percentages by segment, taking into account the adjustment for non-proportional reinsurance and the prescribed correlation matrix. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk | - Delegated Regulation 2015/35 – Article 148  |  |  |
| SCR\_INS | Verify that the *SCR Health non SLT pr* is calculated in conformity with applicable Delegated Regulation, based on overall volume and overall standard deviation. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk | - Delegated Regulation 2015/35 – Article 146  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR Health non SLT pr* calculation, by segment, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Non SLT Health Premium and Reserve Risk |  |  |  |

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| **Non SLT Health Lapse Risk****e** **l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health non SLT Lapse*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Non SLT Health Lapse Risk |  |  |  |
| SCR\_INS | Verify that *SCR Health non SLT Lapse* has been calculated in conformity with applicable Delegated Regulation, including amongst others that the prescribed formulae have been used, the prescribed parameters have been used and the resulting impact on Basic Own Funds has been calculated correctly. | SCR Health Insurance Risk – Non SLT Health Lapse Risk | - Delegated Regulation 2015/35 – Article 150  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditors”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Non SLT Health Lapse Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards) |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR Health non SLT pr* calculation, by segment, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Non SLT Health Lapse Risk |  |  |  |
| **Health Catastrophe Risk****e** **l** |
| SCR\_INS | Understand the undertaking’s process of calculating, analyzing, validating and approving *SCR Health Cat*. Identify and test key internal controls in this process. | SCR Health Insurance Risk – Health Catastrophe Risk |  |  |  |
| SCR\_INS | Verify that the overall *SCR Health Cat* has been calculated in conformity with applicable Delegated Regulation, based on the SCR from the sub-modules Mass Accident, Accident Concentration and Pandemic. | SCR Health Insurance Risk – Health Catastrophe Risk | - Delegated Regulation 2015/35 – Article 160- Circular Letter NBB\_2016\_18: Guidelines on health catastrophe risk sub-module |  |  |
| SCR\_INS | Verify for each of these sub-modules that the *SCR (MA / AC / P)* has been calculated in conformity with applicable Delegated Regulation, including amongst others (i) that the prescribed formulae have been used, (ii) that the prescribed parameters have been used, (iii) that the definition of event types has been applied correctly, (iv) that the resulting impact on Basic Own Funds has been calculated correctly. | SCR Health Insurance Risk – Health Catastrophe Risk | - Delegated Regulation 2015/35 – Article 161 to 163 |  |  |
| SCR\_INS | Evaluate completeness and correctness of relevant inputs (sums insured, benefits payable, number of insured people, …) relating to contracts in the Lines of Business specified through an appropriate combination of (i) understanding the processes and testing internal controls, (ii) performing tests of details, and (iii) analytical procedures. | SCR Health Insurance Risk – Health Catastrophe Risk |  |  |  |
| SCR\_INS | **IM:** The control of the respect of the conditions of approval of the internal models is not the responsibility of the auditor, except for the tasks specifically mentioned in articles 332 and 333 of the Control Law.The (“Statutory Auditor” or “Accredited Auditors”, as appropriate)’s engagement does not encompass the review of the internal models which are used for the computation of the regulatory capital requirements nor of the models, the outcome of which is used as input for the computation of the regulatory capital requirements. The NBB does not require any reporting from the (“Statutory Auditor” or “Accredited Auditor”, as appropriate) on these internal models. The approval of the said internal models as well as the compliance with the conditions for this approval are, for prudential purposes, followed-up directly by the NBB. The (“Statutory Auditor” or “Accredited Auditor”, as appropriate) has however to perform the procedures as required by the circular of the NBB NBB\_2017\_20 to the (“Statutory Auditor” or “Accredited Auditor”, as appropriate), being the review of the accuracy of the data entered in the internal models and the review of the correct insertion of the data output of the internal model in the annual periodic reports. | SCR Health Insurance Risk – Health Catastrophe Risk | - Delegated Regulation 2015/35 Chapter VI, sections III (Statistical quality standards) and IV (Calibration standards)  |  |  |
| SCR\_INS | Evaluate reasonableness of the resulting *SCR Health Cat* calculation, by sub-module, by comparing results with the auditor’s expectations, prior period calculations and benchmarking (IM: and the outcome of the standard formula, if available) | SCR Health Insurance Risk – Health Catastrophe Risk |  |  |  |