**NAIC Economic Scenario Generator (ESG) Pre-Field Test Survey**

**Background:**

An ESG Field Test is being planned to begin in early June 2022. The models proposed to be included in the field test are as follows:

|  |  |
| --- | --- |
| **Model** | **Field Test Recommendation** |
| Treasury | 1. Field test two Treasury model candidates |
|  | * 1. Conning Calibration and Generalized Fractional Floor (“Non-shadow”) |
|  | * 1. Alternative Calibration and Shadow Floor (“Shadow”) |
| Equity | 1. Equity Utilize the existing GEMS® equity model with equity-Treasury linkage based on the short Treasury rate for field testing. Additionally, apply the following calibration updates: |
|  | 1. Update the equity model calibration to account for changes made to the Treasury model |
|  | 1. Apply a Sharpe-ratio approach with a 5% corridor to set the expected returns for the international equity indices |
| Corporate | 1. Include GEMS® corporate model in initial field testing with the calibration updated for consistency with other generated returns on a risk/reward basis |

Scenarios will be provided as of three valuation dates: 12/31/20, 12/31/21, and 3/31/22.

Companies testing all models with all three valuation dates would have 6 sets of results. In addition, there may be various sensitivity tests. For draft field test specifications, see “Economic Scenario Generator (ESG) Reserves and Capital Field Test Specifications”.

**For companies planning to participate in the ESG Field Test:**

1. Please indicate with an “X” all calculations you plan to submit for the product types shown in the table below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Product Type** | **VM-20** | | | **VM-21 Reserves** | **C-3 Phase II** | **C-3 Phase I** |
| **SR** | **DR** | **SERT** |
| Whole Life |  |  |  |  |  |  |
| Term Life |  |  |  |  |  |  |
| Indexed Life |  |  |  |  |  |  |
| Universal Life |  |  |  |  |  |  |
| Universal Life with Secondary Guarantees |  |  |  |  |  |  |
| Variable Life |  |  |  |  |  |  |
| Variable Universal Life |  |  |  |  |  |  |
| Fixed Annuities |  |  |  |  |  |  |
| Indexed Annuities |  |  |  |  |  |  |
| Variable Annuities with Guarantees |  |  |  |  |  |  |
| Variable Annuities without Guarantees |  |  |  |  |  |  |
| Life Contingent Payout (Immediate and Annuitizations) |  |  |  |  |  |  |
| Other Annuities |  |  |  |  |  |  |

1. Results will be requested on a post-reinsurance-ceded basis. Can the company also provide pre-reinsurance-ceded results? \_\_Yes / \_\_No.
2. How many scenario sets would your company be willing to run?
3. For C3 Phase I, how many scenarios does your company currently run?
4. For stochastic reserves and/or C3 Phase II, what is the largest number of scenarios your company would be willing to run per scenario set? Pick one.
   1. 10,000
   2. 1,000
   3. 500
   4. 200
   5. 40
   6. Varies by product. If so, please specify: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. Which of the following Treasury file formats could your company run? Select all that apply.
6. Conning single file format (as exposed)
7. AIRG single file format
8. AIRG multiple file format
9. Other, please specify: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
10. Would your company be able to run the Conning file format (as exposed) for Equities and Corporate Bonds? \_\_Yes / \_\_No. If No, please explain what format adjustments would be needed.
11. Would your company be willing to respond to a qualitative survey in addition to producing quantitative results? \_\_Yes / \_\_No.
12. Do you use hedging for any life and/or annuity products? \_\_Yes / \_\_No. If Yes, does the company explicitly model the hedge program or implicitly capture the impacts of hedging?
13. For reserve and capital calculations does your company currently use the prescribed AIRG, a modified version of the AIRG, or some other proprietary ESG?
14. Would your company be willing to complete additional runs to support attribution analysis? For example, additional scenario sets could be provided that would help to isolate the impact from changes to a single model component (e.g. Treasury model).

**For companies not planning to participate in the ESG Field Test:**

1. Do you use hedging for any life and/or annuity products? \_\_Yes / \_\_No. If Yes, does the company explicitly model the hedge program or implicitly capture the impacts of hedging?
2. For reserve and capital calculations does your company currently use the prescribed AIRG, a modified version of the AIRG, or some other proprietary ESG?
3. Would your company be willing to respond to other qualitative survey questions?
4. Are there any specific changes that could be made to the field test that would allow your company to participate?