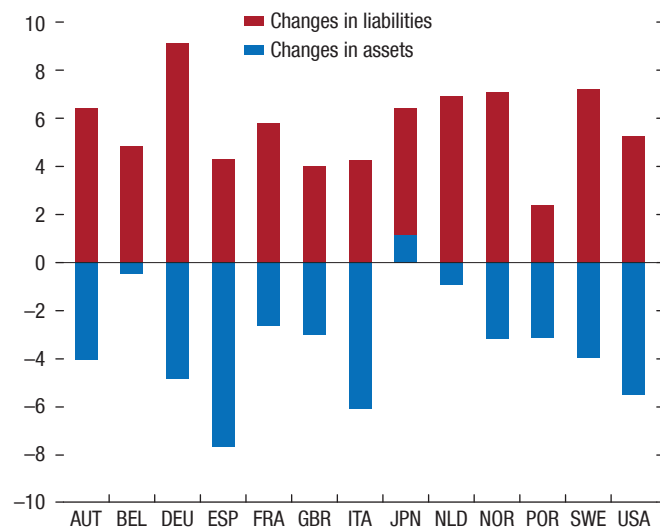


Figure 1.12. Simulated Mark-to-Market Shocks to Assets and Liabilities
(Percent)



Sources: Bank of Japan; European Insurance and Occupational Pensions Authority; Life Insurance Association of Japan; Moody's Investors Service; National Association of Insurance Commissioners; and IMF staff estimates.

Note: Cash flows are fixed. Derivative positions and loss absorption by policyholders and by taxes and regulatory adjustments are not taken into account. This implies that results should be considered an upper-bound impact. Shocks are applied to aggregate sector balance sheets of solo life insurers as of 2016:Q3 (Europe), 2016:Q1 (Japan), and 2015:Q4 (United States). The following shocks are applied: equity (-10 percent); real estate (-6 percent); sovereign debt yield AAA-A (-50 bps), BBB (+100 bps), < BBB (+100 bps); corporate bond yields AAA-A (+50 bps), BBB (+150 bps), < BBB (+200 bps); risk-free rates (-50 bps). Data labels in the figure use International Organization for Standardization (ISO) country codes. bps = basis points.