

ORSA & Risk Management

Presented by:
Eamonn Phelan
Padraic O'Malley
Ger Bradley

June 2014



Agenda



Origins of the ORSA

UK Individual Capital Adequacy Standards (ICAS) regime



Concept of “Own Risk and Capital Assessment” or ORCA

Development of
Solvency II

IAIS Insurance Core
Principles No. 16
(ERM)

ORSA – a key management tool



ORSA – a key RISK MANAGEMENT tool



Some thoughts

- ✓ Awareness & understanding
- ✓ Contingency planning
- ✓ Communication
- ✓ Risk governance



Awareness & understanding

Accumulations of risk

Appropriate actions

Active vs reactive management

Risk appetite

Expert opinion

Contingency planning

Management actions

'Living wills'

Strategic Plan B

Structured decision-making

Communication

Key stakeholders

Involvement at key steps in process

Profile of risk management function

Risk language

Culture

Risk governance

Board responsibility for ORSA

Extensive documentation

Formality of process

Joined-up thinking

Agenda



Experience

- Australia



- Holland



- Ireland



Australian Experience

General Observations

Governance

Risk Management

Capital Management

Stress Testing

Dutch Experience

- ORSA pilots dating back to 2011
- Regulator has provided individual feedback to companies
- Score of 1 to 4 relative to the individual guidelines and commentary
 - “A competent third party must be able to reproduce the results”
 - “Support for frequency of the ORSA missing”
 - “Data quality not addressed”

Irish Industry preparedness

- Some companies have invested a lot of thought and effort

Others...

- “Guidelines on *Preparing* for Solvency II”



Irish Industry Experience

Board involvement

Group Interactions

Capital Measure

Documentation

Use of ORSA

Independent Review

Agenda



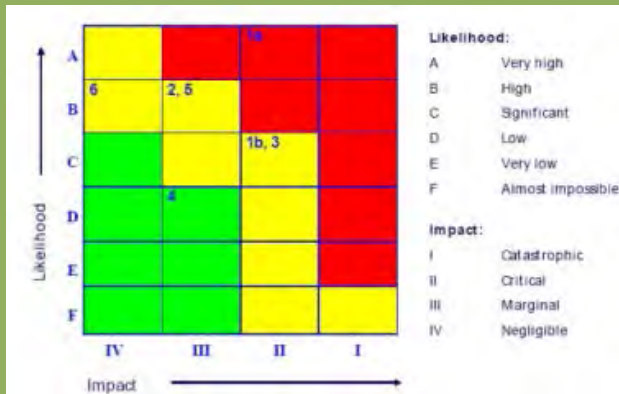
Non-Life Practitioner's Survey



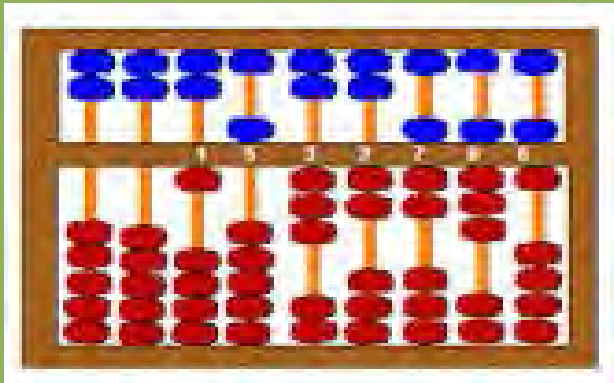
ORSA – Non-Life Perspective – key challenges



ORSA – Other– but not for today



**Risk
Profile
vs SCR**



**SCR & TP
Calculation
Difficulties**



**Stress &
Scenario Tests**

**Projecting
SCR**

Life Financial Condition Report

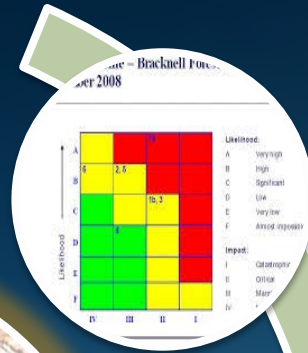
- ✓ Around from 1997
- ✓ Every three years
- ✓ Forward Looking
- ✓ Focus on future risk profile
- ✓ Stress and Scenario tests - future



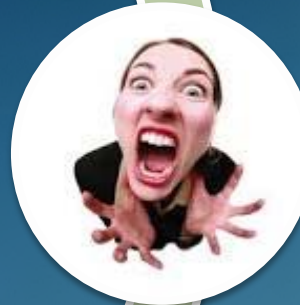
Why the Extra mile



SCR Projections



FCR currently focuses on future risk profile

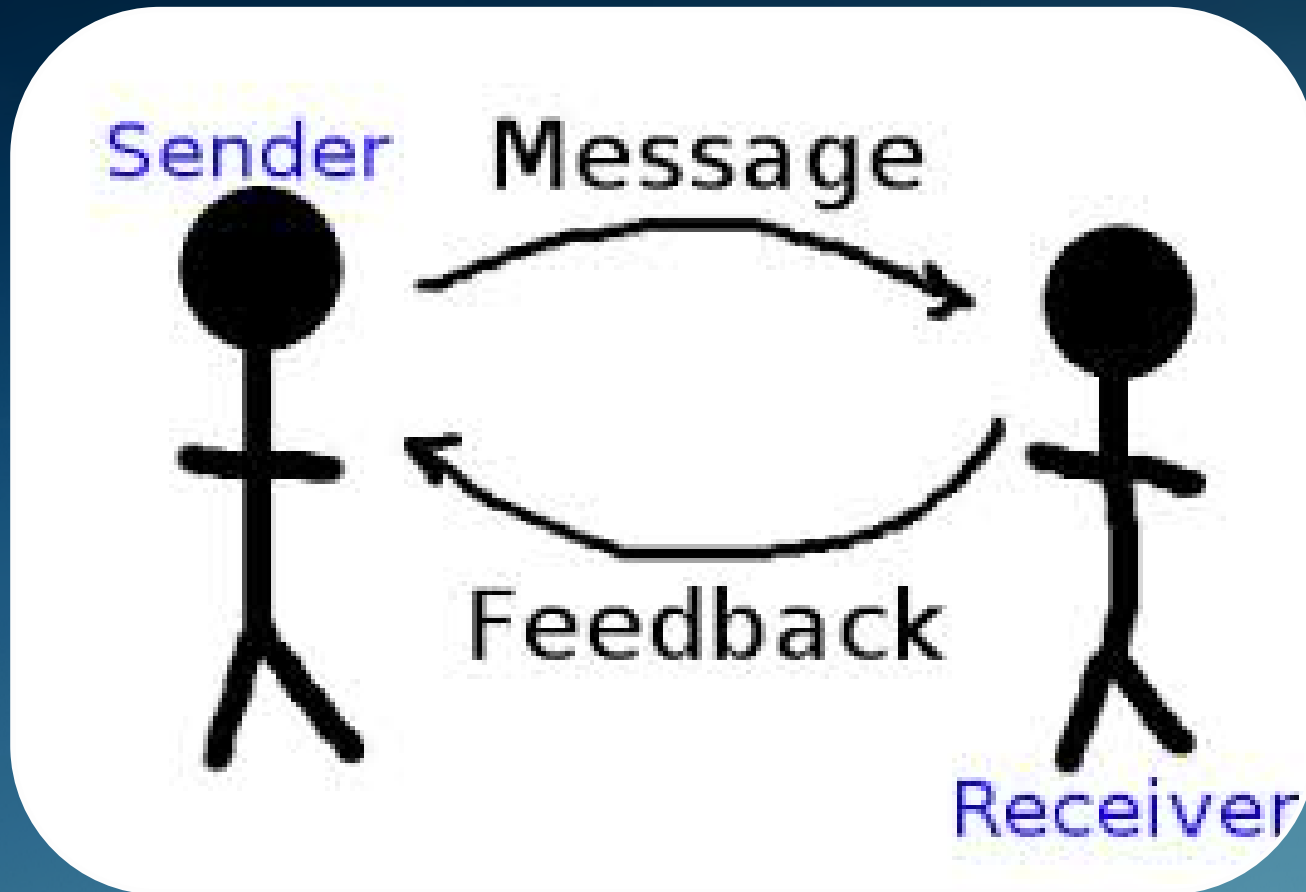


Stress and Scenario Testing



Risk Appetite appropriate?

Communication



Internal Model Validation & Use Test



QUESTIONS?

Eamonn Phelan
Padraic O'Malley
Ger Bradley