



# Preparing for Year-End 2016

Aisling Barrett  
20 October 2016

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# Agenda

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Board of Directors

2

HoAF

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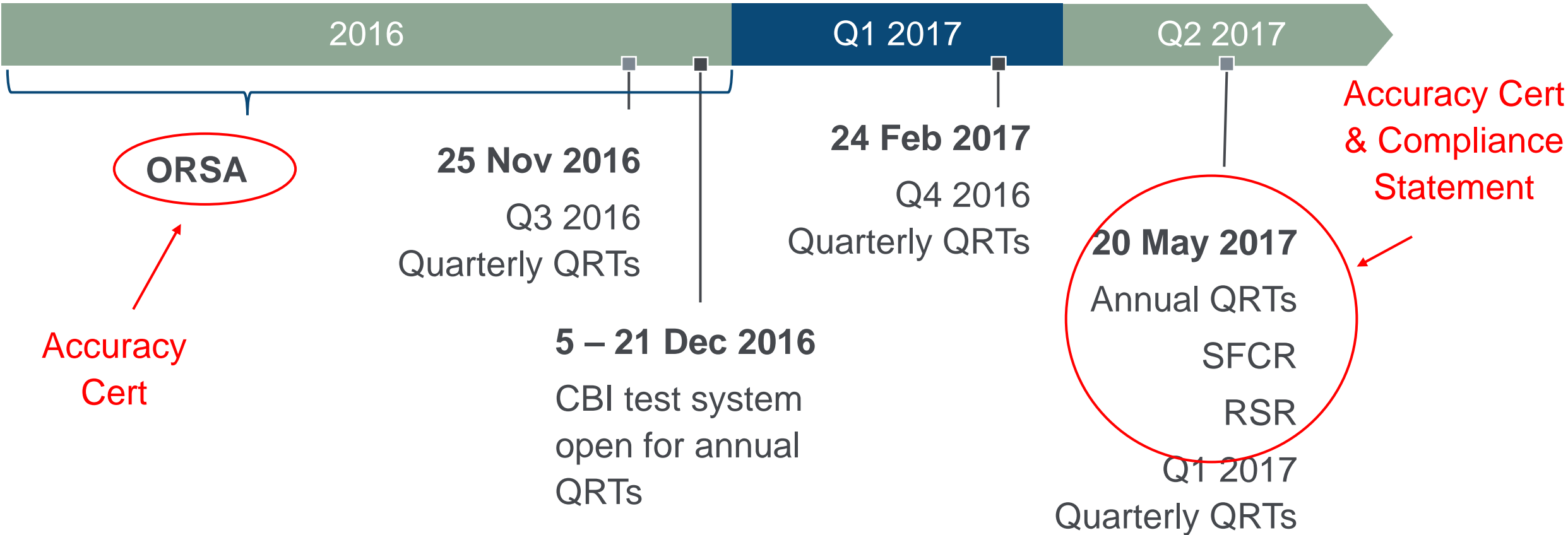
CRO

# Board of Directors



- Directors' accuracy certification for QRTs, RSR, and **ORSA (2016)**
- Compliance statement
- Solvency II external audit
- Under Solvency II the Board has ultimate responsibility for... well... everything!

# Timeline: Reporting



# Narrative reporting - RSR and SFCR

## RSR & SFCR

Milliman survey of Irish companies indicated that 50% of respondents had not yet started drafting these reports in July 2016

Both reports cover:

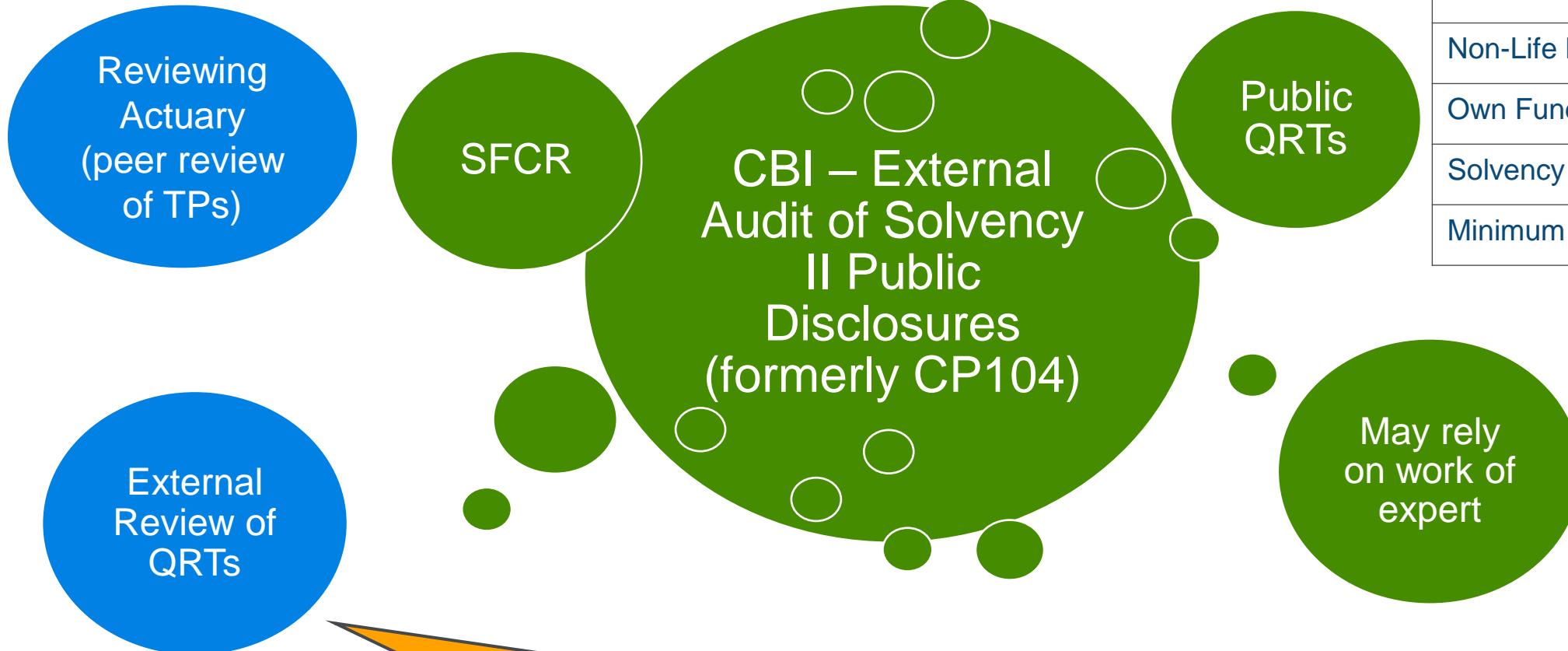
- Business & performance
- System of governance
- Risk profile
- Valuation for solvency purposes
- Capital management

SFCR is a public document

Significantly more detail in RSR

Lots could be done pre year end

# Solvency II External Audit



|                               |
|-------------------------------|
| Balance Sheet                 |
| Technical Provisions Life     |
| Technical Provisions Non-Life |
| Non-Life Insurance claims     |
| Own Funds                     |
| Solvency Capital Requirement  |
| Minimum Capital Requirement   |

Milliman review of Irish companies indicated that 70% of respondents intend to get some form of external review of QRTs

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# Head of Actuarial Function

- Technical Provisions
- Opinion on Underwriting, Reinsurance and ORSA
- CBI requirements

# CBI Requirements

## Domestic Actuarial Regime

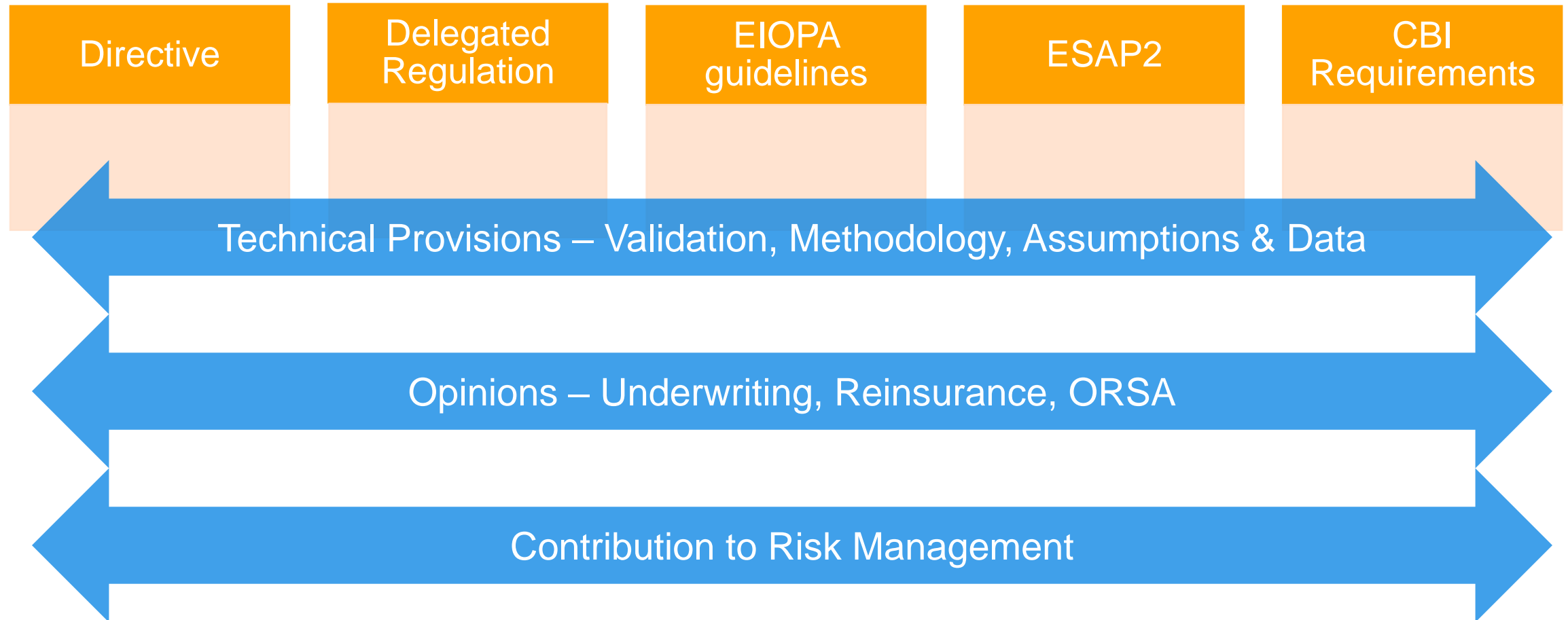
- HoAF
- AOTPs to CBI
- ARTPs to Board
- Opinion on ORSA
- Written reserving policy
- Reviewing Actuary
- Life ARTPs – HoAF opinion on profit allocation to policyholders, discretionary powers, PRE
- Non-Life – Reserving committee

## CP103 – HoAF guidance

- Opinion on underwriting
- Opinion on reinsurance
- Contribution to risk management system
  - Review calculation of SCR & appropriateness (provide perspective to risk management function)
  - Opinion to Board on ORSA



# HoAF Checklist



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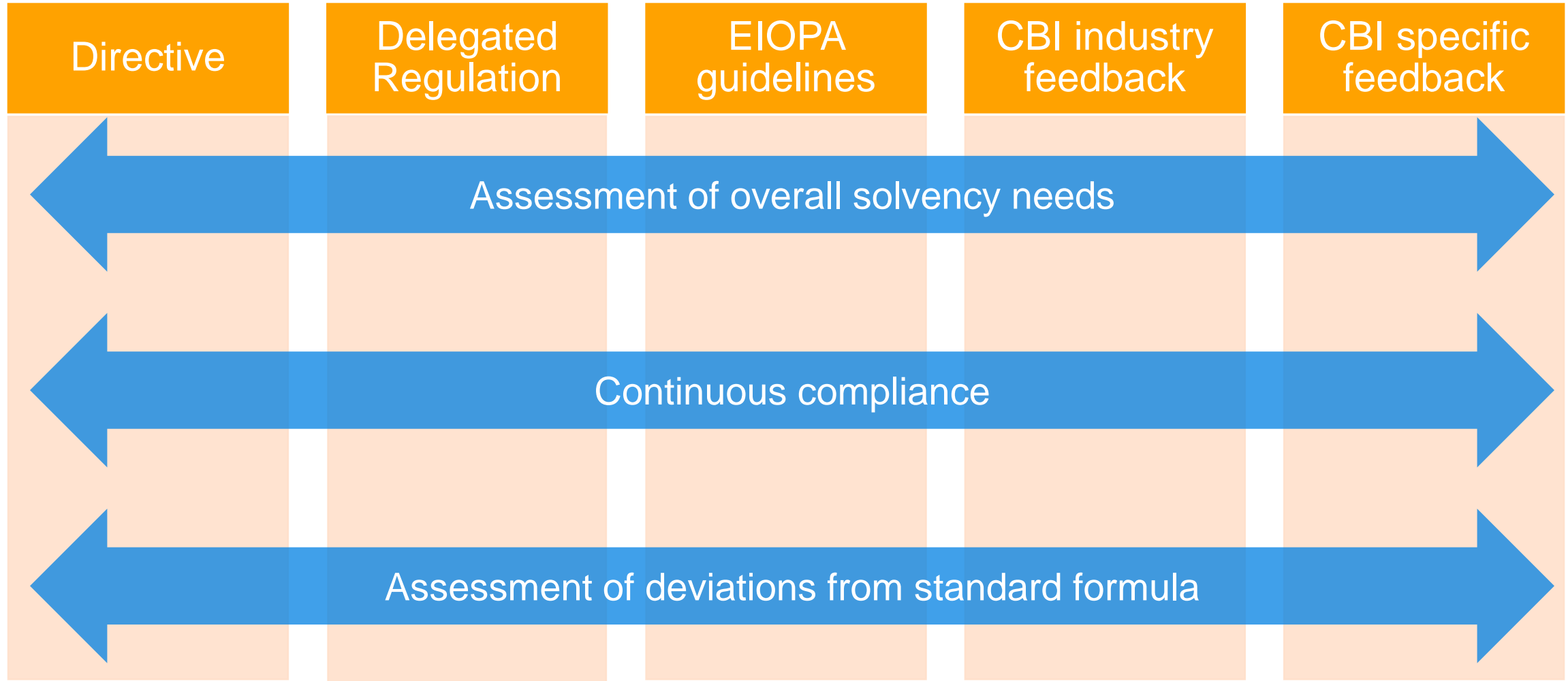
# CRO

- ORSA
  - CBI cross industry guidance on information technology & cyber risk
  - Brexit
  - CBI communications
    - ✓ FLAOR feedback – generic & specific
    - ✓ ORSA template for L & ML companies
    - ✓ CBI Sept 16 thematic review of (most) cross-border life companies

**“When Merrill Lynch CEO John Thain brought his team to see me that Spring, there was an awkward moment when it became clear he didn’t know the name of his chief risk officer, who was sitting right next to him.”**

“Stress Test: Reflections on Financial Crises” by Timothy Geithner,  
former U.S. Secretary of the Treasury

# ORSA Checklist



# CBI FLAOR generic feedback

## Risks

“...consideration should be given to all material quantifiable and non-quantifiable risks...”

## Overall Solvency Needs

“A number of undertakings reported that their OSN was a simple buffer on top of the regulatory capital requirement without specifically referencing the material risks identified”

## Groups

“For certain undertakings which are part of a group, the FLAOR process and the report format appear to be largely driven at the group level. Where the group FLAOR is used for a local undertaking, it must adequately capture the material risks arising from the local undertaking...”

## Board challenge

“...it appears that for certain undertakings the board acted as a ‘reviewer’ of the FLAOR. Rather the board needs to demonstrate that it has actively considered the FLAOR process...”

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## What about the calculation of the standard formula SCR?

- Directive states that internal model is responsibility of risk management function & sets out extensive documentation requirements
- Standard formula is less clear, in practice:
  - Responsibility of risk function?
  - Calculations by actuarial function?
- No explicit requirement for report or policy
- Likely to be increased focus at this year end, particularly given external audit covers SCR



IT TAKES VISION

# Thank you

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20 October 2016



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