



# Preparing for Year-End 2016

Ciarán Kelly  
8 November 2016

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# Agenda

**1**

**Board of Directors**

**2**

**Head of Actuarial Function**

**3**

**Chief Risk Officer**



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# Board of Directors

# Board of Directors

Under Solvency II the Board has ultimate responsibility for... well... everything!

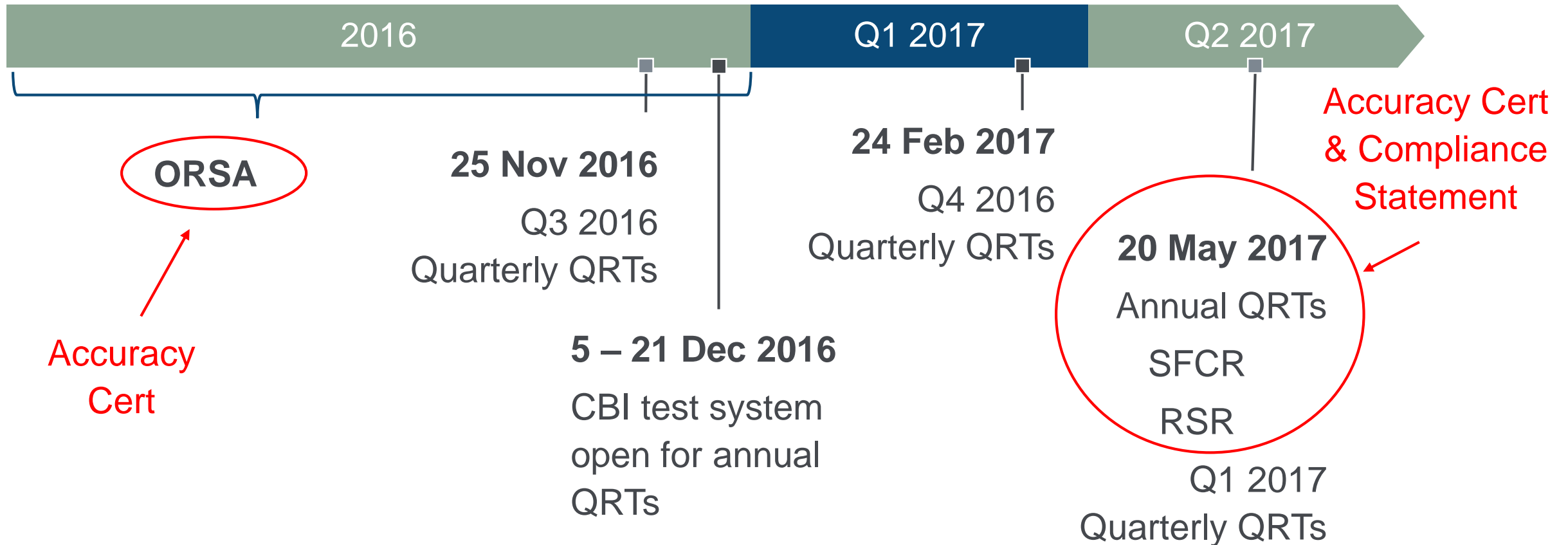
Compliance statement

**Responsibilities**

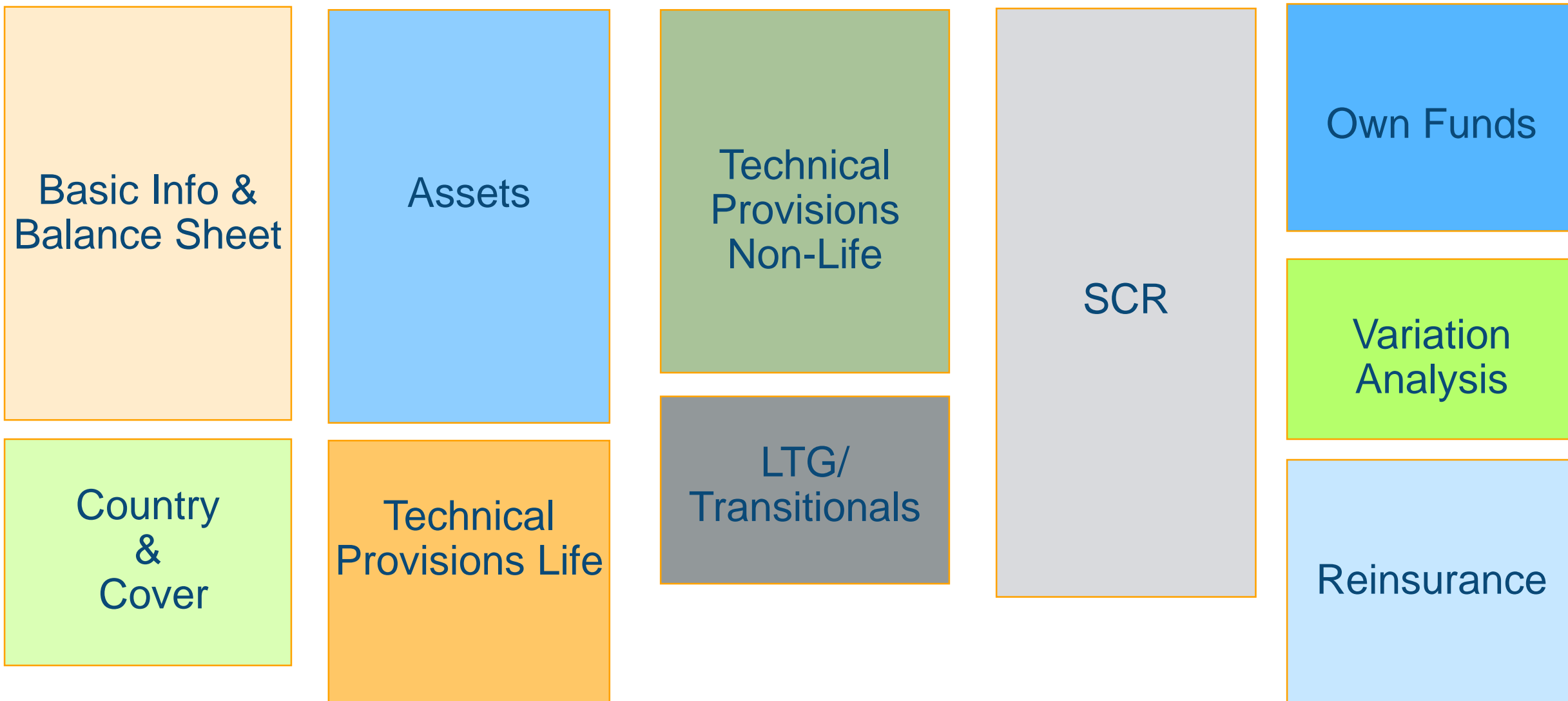
Directors' accuracy certification for QRTs, RSR, and ORSA (2016)

Solvency II external audit

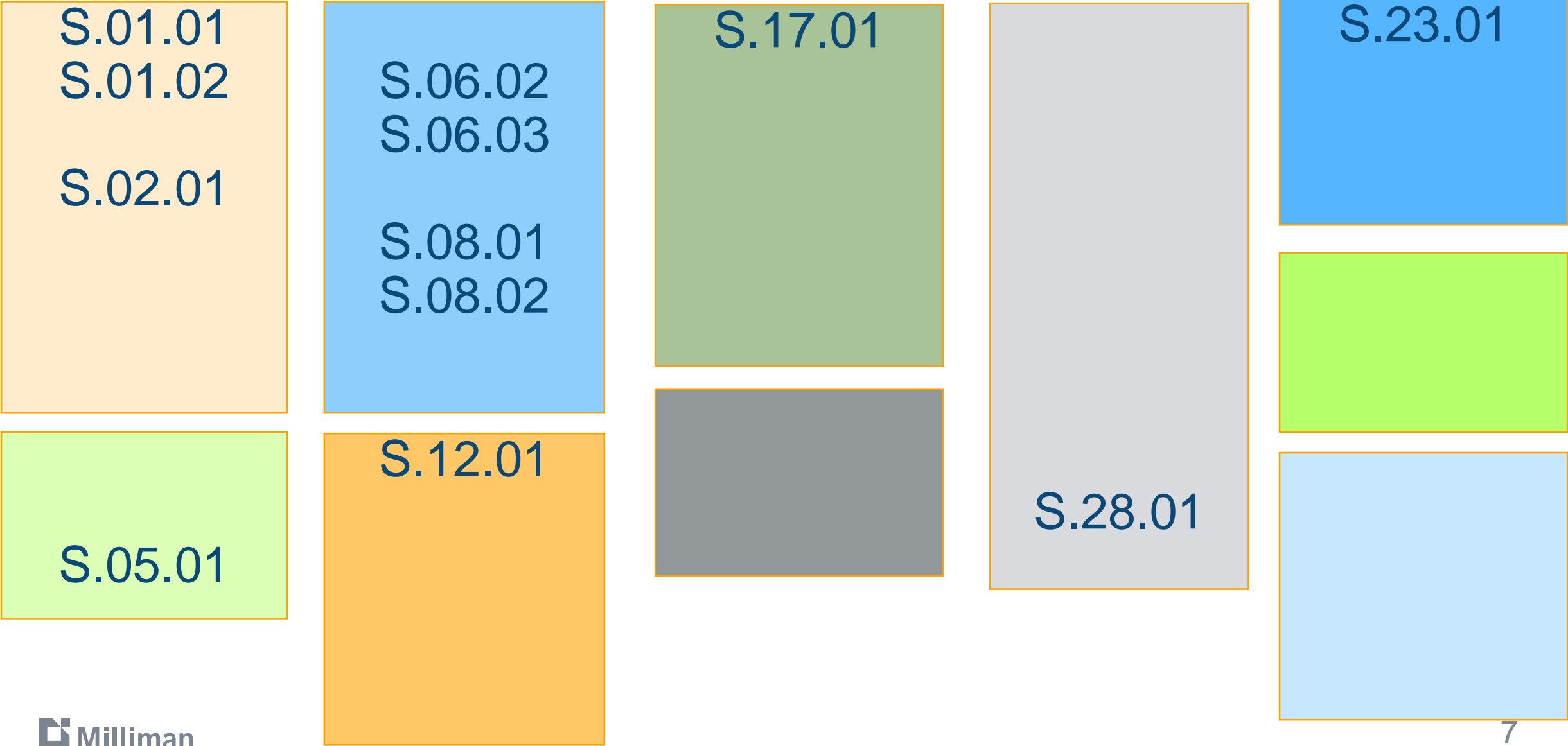
# Timeline: Reporting



# Quantitative Reporting Templates (QRTs)



# Quantitative Reporting Templates (QRTs)



# Quantitative Reporting Templates (QRTs)

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S.31.02



# 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:

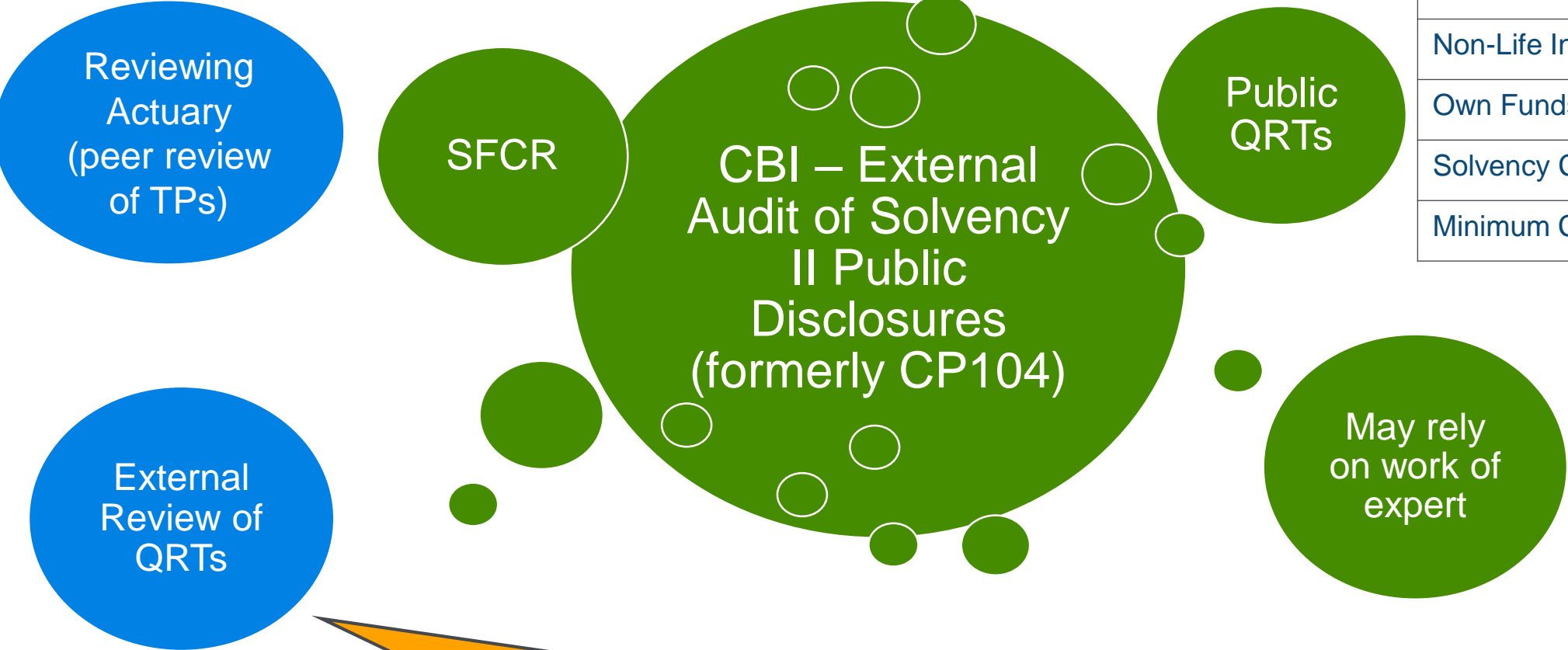
- Business & performance
- System of governance
- Risk profile
- Valuation for solvency purposes
- Capital management

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 (HoAF)



# Head of Actuarial Function

To do.....

1. Technical Provisions
2. Opinion on Underwriting
3. Opinion on Reinsurance
4. Opinion on ORSA

# 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





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# Chief Risk Officer (CRO)

# 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

# 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...”



# What about the calculation of the standard formula SCR?

Standard formula is less clear:

Responsibility of risk function?

Calculations by actuarial function?

Internal model is responsibility of risk management function

No explicit requirement for report or policy.

Likely to be increased focus at this year end, particularly given external audit covers SCR

# Winter is coming....

54 days and 6 hours until year-end 2016



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## Useful links

- [Briefing Note: Solvency II Pillar 3 Survey](#)
- [Briefing Note: Highlights of Solvency II “Day 1” reporting for Irish Life Insurers](#)
- [Briefing Note: Assessing the appropriateness of the Solvency II standard formula](#)
- [Taking the temperature on Solvency II Pillar 3: A Milliman client survey](#)
- [Solvency II Compliance Assessment Tool](#)



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These slides are for general information/educational purposes only. Action should not be taken solely on the basis of the information set out herein without obtaining specific advice from a qualified adviser.

# Thank you

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8 November 2016



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