

**The Actuarial Profession**  
making financial sense of the future

Solvency II Workshop  
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# Disclosure in the New World

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## Overview

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What is SII reporting trying to achieve?

External Reporting: Overview of the key requirements

External Reporting: Timetable for the new reporting

External Reporting: Content of the SFCR and RTS

Reporting – Practical Considerations

Typical activities for SII Reporting Workstreams

Wrap up

Questions and answers

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## What is SII reporting trying to achieve?

### The purpose of SII reporting (External and Internal)

#### External Reporting

- Enhanced disclosure requirements to increase market transparency
- Important source of information for supervisors to conduct the supervisory review process so risk profiles can be evaluated
- Harmonise reporting
- Provide clear insight into actual risk and return profile of an insurer

#### Internal Reporting

- Act as a strong incentive to conduct business in a sound and efficient manner and maintain an adequate capital position
- Enable a more informed decision making process

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## External Reporting: Overview of the key requirements

### CEIOPS final advice on reporting and disclosure

Insurers will have to disclose private quantitative and narrative information to the supervisor and public quantitative and narrative information to the market.

| Solvency and Financial Condition Report (SFCR)  | Report to Supervisor (RTS)  | Quantitative reporting templates (QRTs)  |  |
|---|---|--|--|
| Regular Reporting   |   | Event Driven Reporting   |  |
| Annual  | Quarterly   | As Required  |  |
| Qualitative and quantitative information presented in an annual public report aiming to achieve market transparency and foster market discipline. | Qualitative and quantitative information presented a private report to the supervisor containing information not appropriate for public disclosure. | Quantitative data submitted quarterly and annually consisting of key financial and solvency information. | Updated information required by the supervisor upon occurrence of predefined events or during enquiries to assess a situation. The predefined events are those that can lead to material changes to an insurer's risk profile. |

Information should:

- be relevant, reliable and comprehensible;
- reflect the nature scale and complexity of the business of the undertaking concerned; and
- be accessible, complete in all material respects comparable and consistent over time.

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## External Reporting: Timetable for the new reporting CEIOPS final advice on reporting and disclosure



Assumption: firm has a financial year end of 31 December

\*\* Note that there is a EU proposal which is being discussed to change the effective implementation date of Solvency II from 31 October 2012 to 1 January 2013. This will have an impact on the timeline above

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## External Reporting: Content of the SFCR and RTS High level structure proposed by CEIOPS



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## Reporting – Practical Considerations

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- Extensive disclosure
- Frequency and timing of reporting
- Dependent on Solvency II activities
- Impact on systems
- Sensitive information
- Senior management engagement
- Control, documentation and assurance
- Embed risk and capital management metrics and culture

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## Typical activities for SII Reporting Workstreams

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### Activities

- Produce Internal and external reporting templates
- Produce business requirements
- Produce documented end to end financial reporting process
- Provide oversight of the end-to-end solution
- Support User Acceptance Testing (UAT) for automated reports
- Perform parallel runs

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## Typical activities for SII Reporting Workstreams

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### Issues

- Resourcing and budget
- Scope and dependencies on other workstreams
- Interaction with other projects in place
- Interaction and synergies with other reporting bases (eg IFRS, MCEV, Group Reporting)
- Impact of financial reporting development (eg IFRS Phase II)
- Impact of IMAP process

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## Wrap Up

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- Extensive but value added reporting
- Key deliverable - reporting brings all the SII activities together
- Practical considerations around SII Reporting activities and the integration with the wider programme

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## Questions and answers

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