# The Myths about Solvency II

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## Objective of this session

Focus on some of the common myths within
- 'Pillar V'
- SCR Standard Formula
- Technical provisions
- Internal model
- Others

*"Can we have a meeting about Solvency II?'*



## Myths about Solvency II – Pillar V

- SII is an actuarial job
- The SCR is the be all and end all of SII
- *"If the standard formula ends up with a nice low number then there is no point in going internal model"*
- Only an actuary can build an internal model, so only an actuary can be a CRO

## Myths about Solvency II – Pillar V

- The ORSA doesn’t have to be written down
- If you have an (approved) internal model, you don’t need an ORSA
- The ORSA is a third number
- *“Small firms will find SII much harder than big groups”*



## Myths about Solvency II – SCR Standard Formula

- The standard formula will be as per QIS4
- The SCR is the standard formula
- It is OK to have an SCR that doesn’t fit the risk profile, as there will be an ORSA



## Myths about Solvency II – Technical provisions

- SII will give you a nice big reserve release, because it allows discounting
- The chain-ladder is adequate for SII technical provisions

## Myths about Solvency II – Internal model

- The 2 (or 3 or 5) year use test
- Documentation is 3 lever arch files
- All ICAS firms can do an internal model easily
- The internal model is an actuarial model



## Myths about Solvency II – Internal model

- Data must be perfect in order to model
- *"We don't need to worry about modelling – group will do it for us"*



## Myths about Solvency II – Others

- *"Only the UK is actually going to bother implementing SII properly"*

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