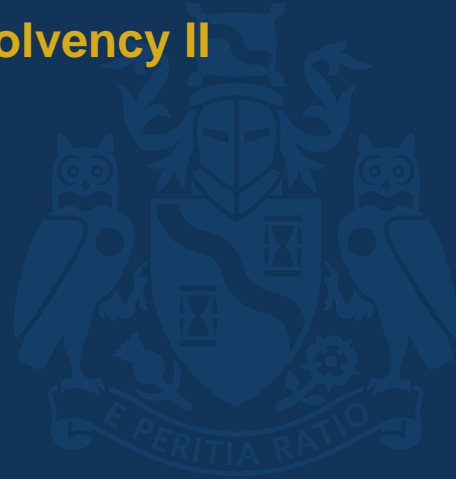




Institute
and Faculty
of Actuaries

Role of Actuaries in Solvency II

Tamsin Abbey



1 May 2014

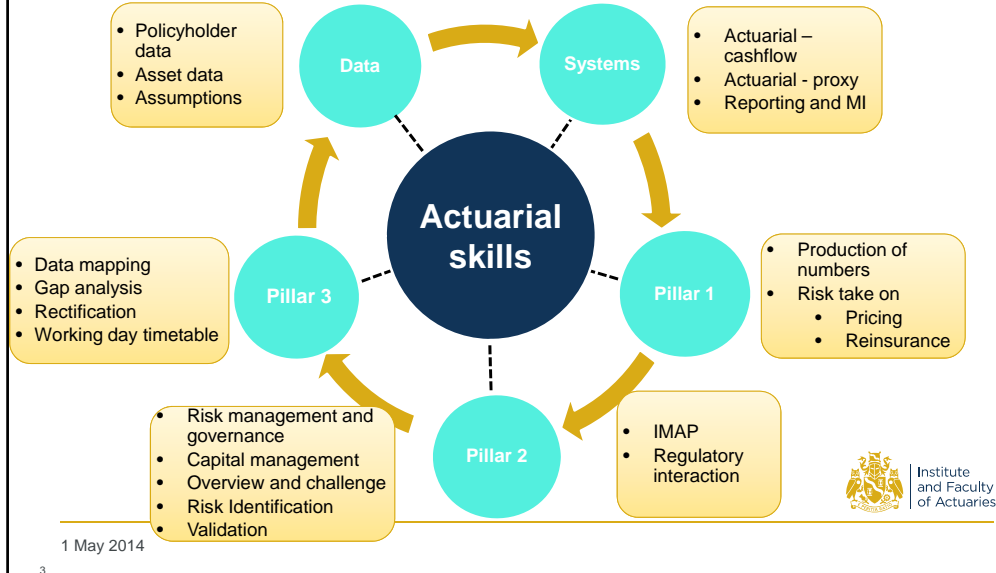
Objective

- To consider the broad ranging roles that actuaries are expected to play under Solvency II
- To set out suggested next steps prior to Go-Live

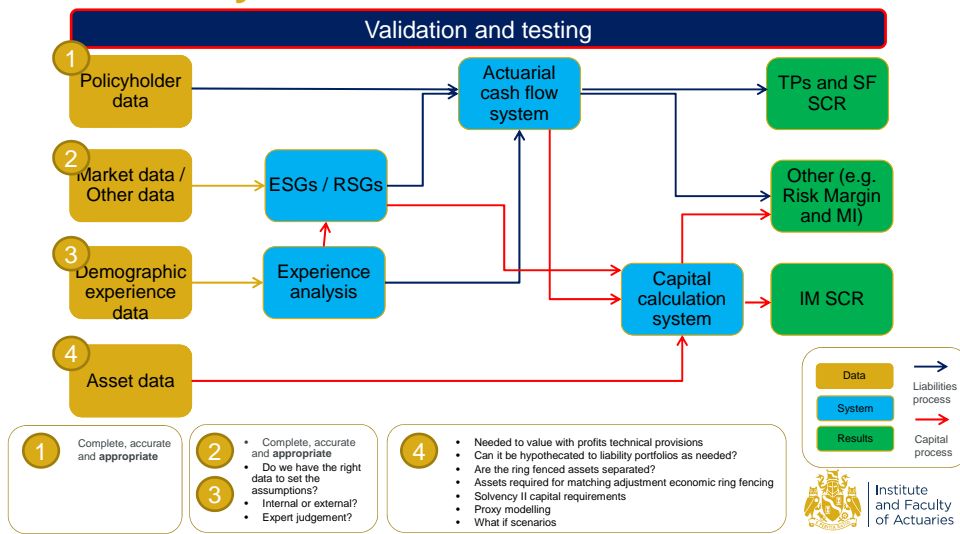


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Broad ranging actuarial roles



Data and systems



Production of results

- Specification and collection of data
- Setting of Assumptions – best estimate, risk calibration, management actions
- Building of TP and SF SCR model
- Building of IM SCR model under risk function oversight
- Production of TP, SF SCR and IM SCR figures
- Production of results for Pillar 2, 3 and internal MI
- Documentation and justification of the above
- Production of validation tests as specified by RF



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Risk management and Governance

- Risk identification – financial and other risks
- Review and challenge of the results
- Specification of validation tests
- Review and challenge of validation results
- Capital management
- Support in developing risk policies
- Use of results
- ORSA – financial and other risks, projections, specification of what if scenarios...



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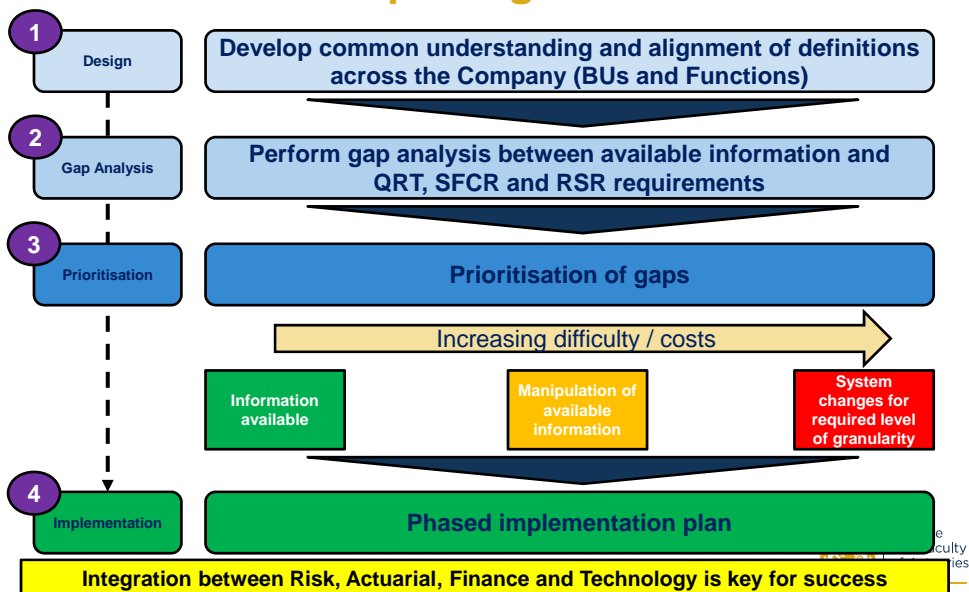
Production and Risk management

- Some areas sit across Production and Risk management:
 - IMAP – needs actuarial input and documentation across data, assumptions, systems and methodology implementation, results and validation
 - PRA / College interaction:
 - Interaction internally across BU, Group and Regulatory team
 - Meetings, workshops, additional presentations
 - SF / IM – transitionals, SF SCR vs Pillar 2 results, mitigation of add-ons
 - IMAP - regular contact and review of pre submission and submission materials

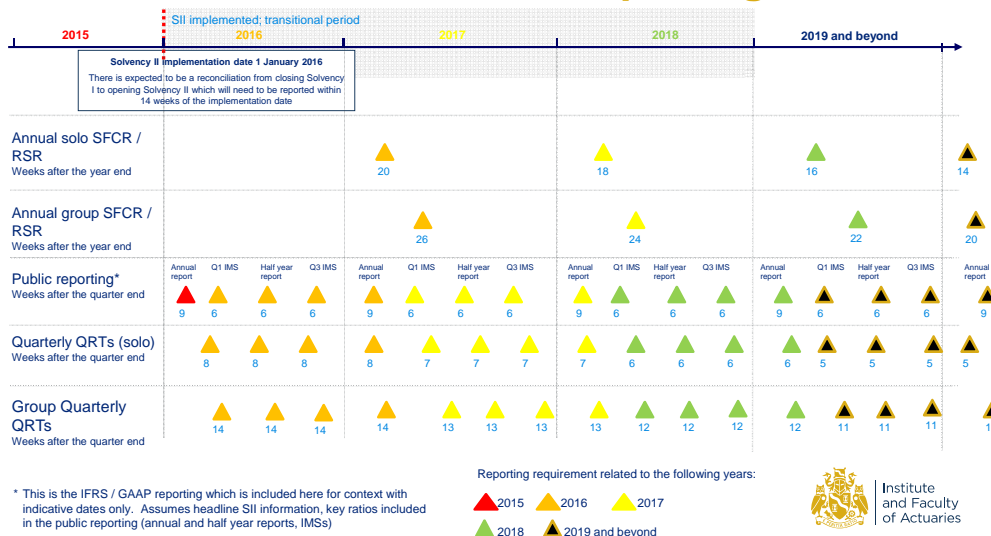


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Disclosure and reporting



Timetable for the end state reporting



Unprecedented level of challenges

Competing challenges are facing the industry

Regulatory

Implementation of multiple mandatory regulatory requirements:

- Solvency II
- IFRS 4 Phase 2
- Multiple GAAPs
- Regulatory returns
- Country by country tax reporting

Market

Market pressure on more information and faster:

- Regulatory capital
- Economic capital

Economic

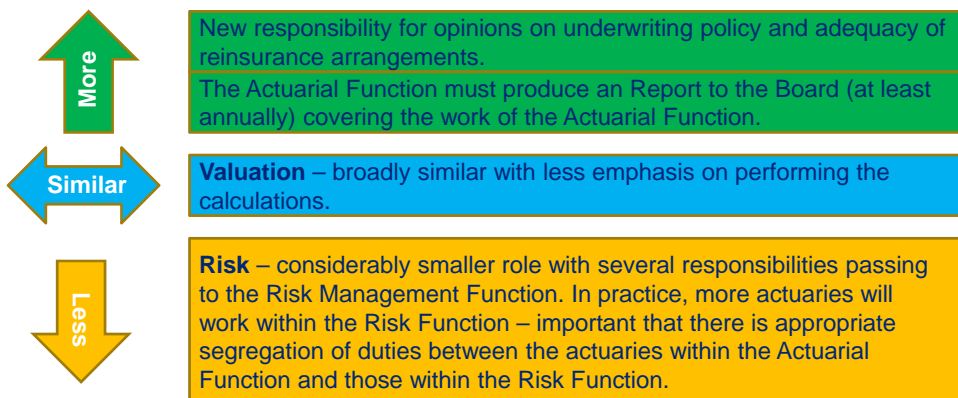
Better quality MI required and faster for improved decision making in the management of scarce economic resources

Requirement for more reporting, in faster timescales, in a more controlled and auditable way – **Working Day Timetable**



Regulatory responsibilities Actuarial Function – SI and SII

The role of the Actuarial Function will be considerably smaller under Solvency II, with some of the current responsibilities passing over to the Risk Function, but still performed by the actuarial community:



Next steps for Solvency II

- PRA clarification of IM and SF processes pre go live
- PRA / college interaction
- Roles and responsibilities of actuaries within the firm
- Disclosure and Reporting – internal and external
 - Includes meeting Oct 2013 preparatory guidelines
- Working day timetable – actuarial processes on critical path
- Documentation enhancement
- Validation



Questions



Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.

