

The Actuarial Profession
making financial sense of the future

CILA II seminar
Mark Chaplin and Neil Chapman

**Solvency II: where the industry is and what
needs to be done over the next 12 months**

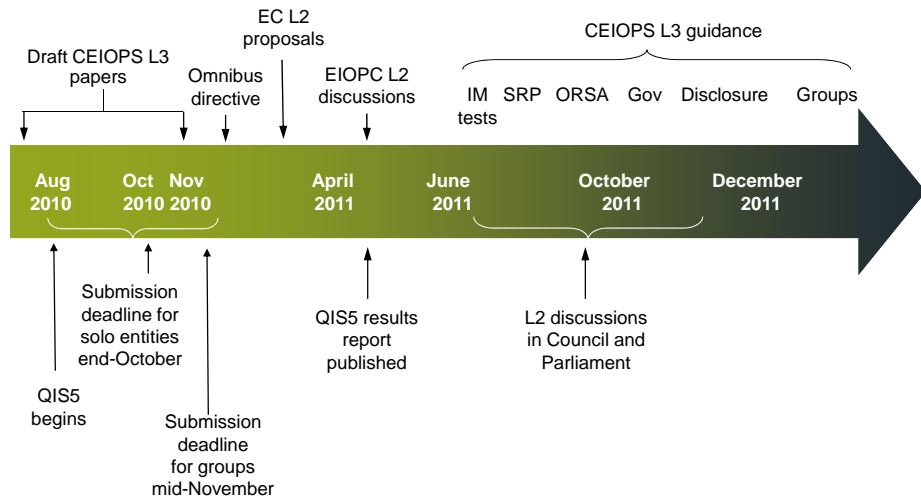
1 September 2010

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Agenda

- Where the industry is now
- What needs to be done over the next 12 months

Solvency II timeline



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Where the industry is now

- Internal model approval process
- QIS5
- Balancing S2 with current BAU
- Lobbying
- Embeddedness implications
- Actuarial Profession activities

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IMAP: Pre-application qualifying criteria feedback

Firm name	
Date of completion	
Firm contact details	

- As at mid-July 23 received, 8 accepted. FSA issues include:
 - Critical paths with overlapping dependencies
 - Incomplete plans
 - Inadequate / not signed off budgets
- Currently a focus on full IM
- FSA resources challenged

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QIS5 will heavily influence the ongoing debate



It is very relevant for all including those developing an internal model

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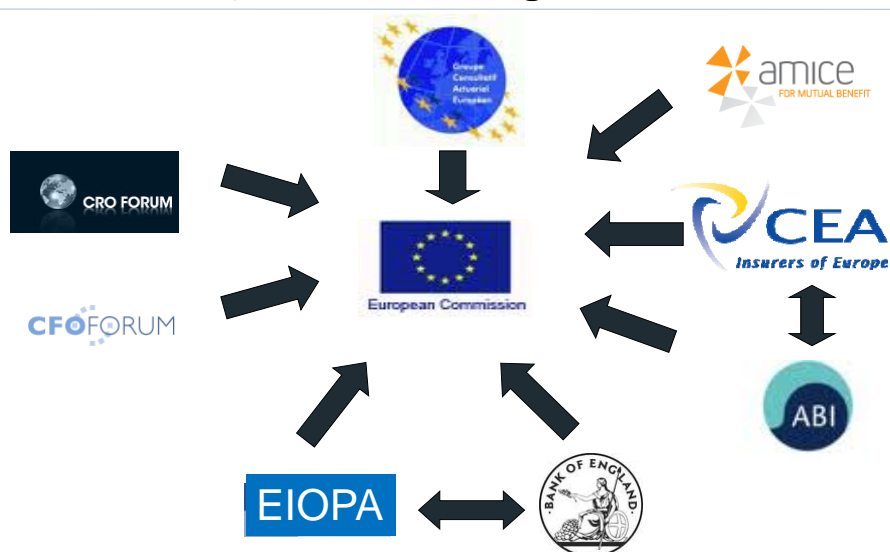
Balancing S2 with current BAU

- Resource challenges
- Demands on the models
- Alignment of theory with practice

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The industry along with other stakeholders have been lobbying hard, but change on the horizon...



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Embeddedness implications

- Training
- Board/executive composition
- Operational implications of “use test” and ORSA
- Gap between economic view and S2
- External communication

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Actuarial Profession activities

- Groupe Consultatif
 - Informal Level 3 consultations
 - CEIOPS QIS5 workshop
- UK Actuarial Profession
 - Solvency II Strategy Group

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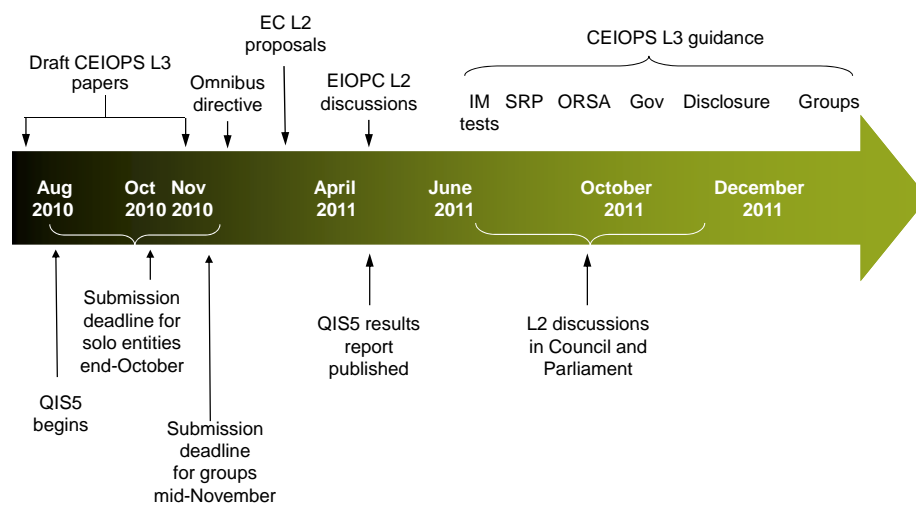
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Agenda

- Where the industry is now
- What needs to be done over the next 12 months

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Solvency II timeline



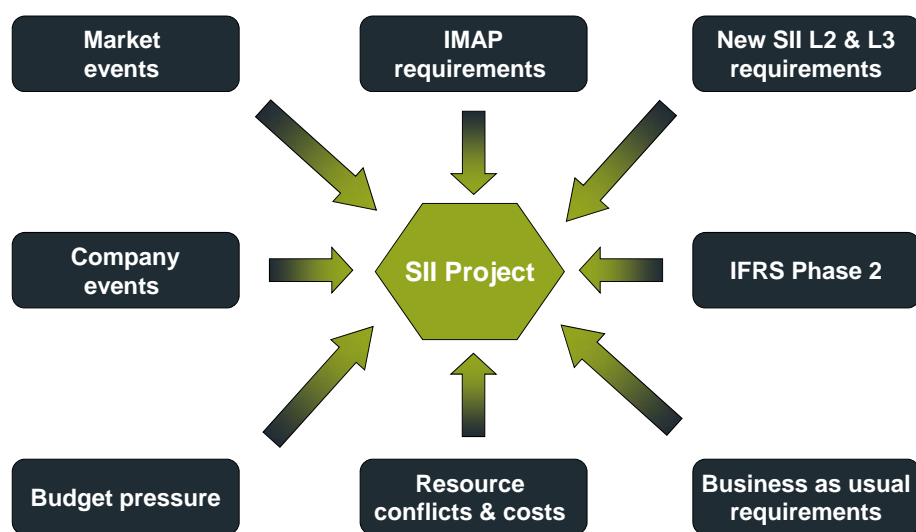
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What needs to be done over the next 12 months

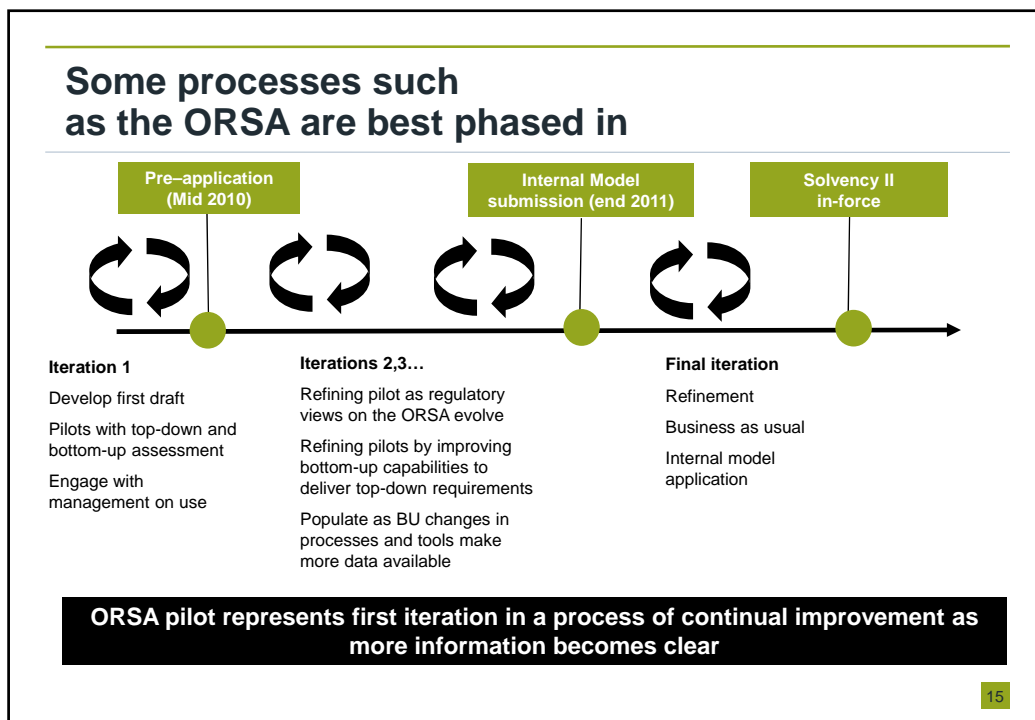
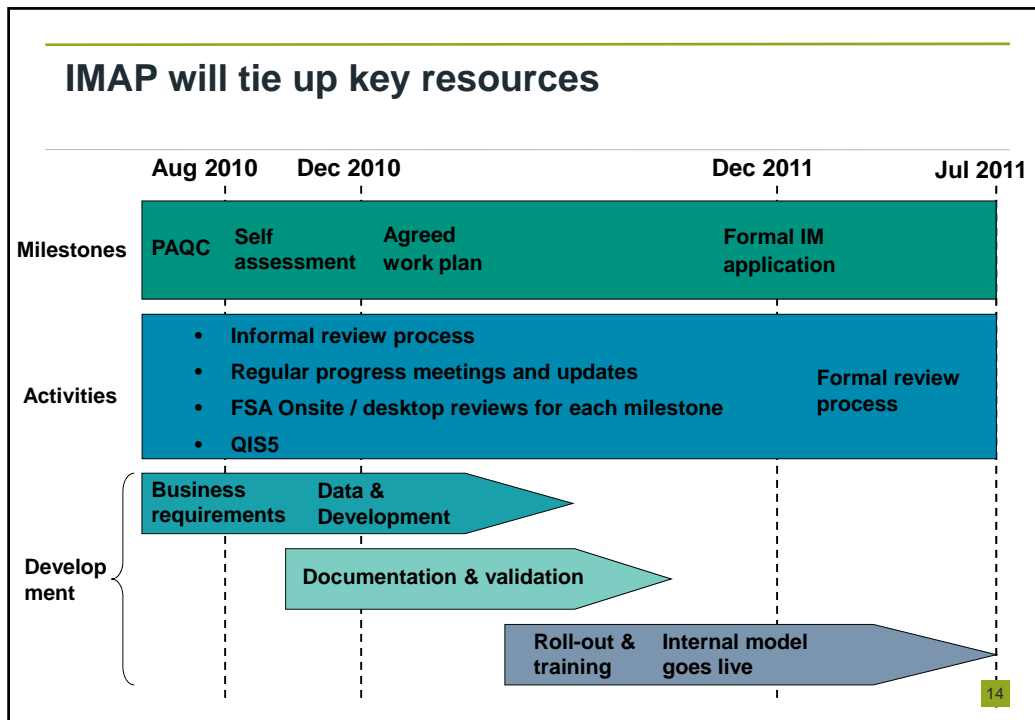
- Managing SII projects effectively
- IMAP
- Phasing in new processes ahead of SII
- Positioning and preparing for SII

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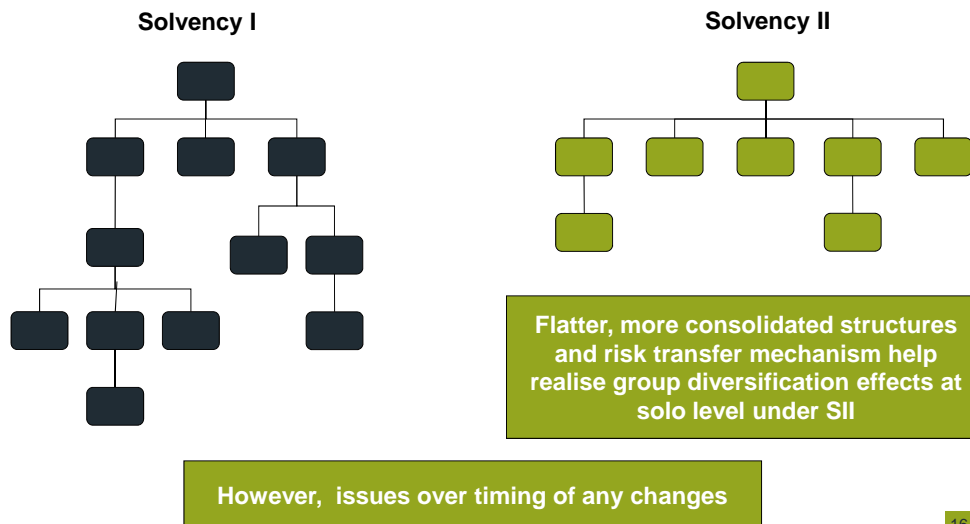
Managing SII projects in a dynamic and changing environment will be challenging



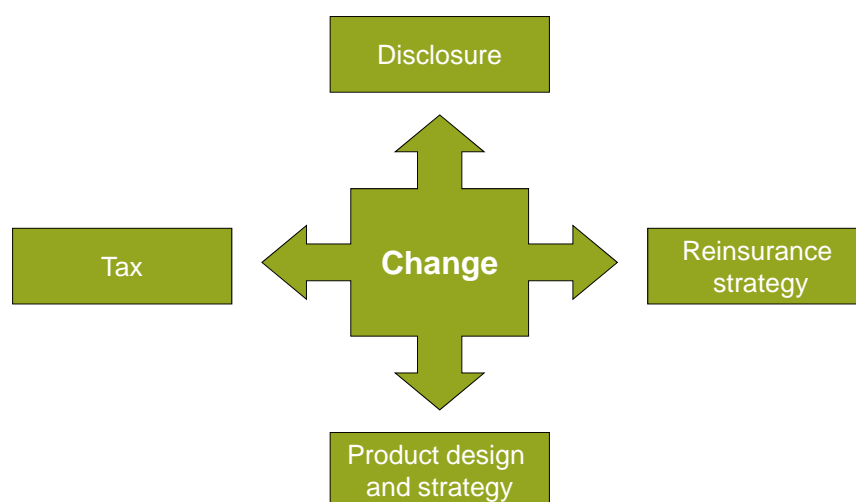
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Corporate structures may need to change under Solvency II



Companies will also need to react to wider SII related changes



Conclusion

- Need to continue to lobby actively to ensure SII is appropriate:
 - Defending existing positions as well as lobbying for new positions
 - QIS5 results will be very important
- The next 12 months will be critical in determining how well prepared companies are for SII:
 - Responding to and incorporating emerging L2 and L3 requirements
 - Internal model development and IMAP
 - Evolving existing processes into SII processes
 - Adapting corporate structures and strategy in response to SII
 - Influencing the development of the post SII tax regime

The next 12 months will be an exciting and challenging time!

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Questions or comments?

Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.

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



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