IMAP Working Party Update – “Solvency Do’s and Solvency Don’ts”

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Agenda

- Our focus
- Updates over the past year
- Solvency Do’s
- Solvency Don’ts
- Next steps
- Any questions?

Our focus

- Yes, IMAP!
Our focus – bridging Solvency 2 requirements and business/ modelling reality

Key Questions

- How are the requirements being interpreted by experienced modellers?
- How is the industry approaching the tests?

Topics

- Use Test Validation
- External Models
- Calibration
- Statistical Quality
- Expert Judgement
- Risk Ranking
- Profit & Loss Attribution
- Documentation (Project Management)

A year in the life of Solvency II

- 20 Dec: “Solvency II delays and interim measures” published by FSA, detailing proposed “preparatory phase”
- 29 Jan: FSA publishes letter to firms on ICAS+, giving more details on “two-stage approach”
- 8 Apr: PRA industry briefings on 27 March guidelines
- 27 Mar: EIOPA publish “Guidelines on preparing for Solvency II” – four consultation papers, including one on pre-application for internal models (CP-13/011). These relate to the requirements during the “preparatory phase” leading to Solvency II. The consultation ended on 19 June with the final guidelines expected later in 2013.
- 23 May: Early warning indicators – publication by PRA.

Other future dates:
- Dec 2013: NCA decisions re interim measures (which would apply from Jan 14)
- Spring 2014: Plenary vote on Omnibus II
- 2nd Quick Fix Directive: Jan 2016: Solvency II live!
Solvency do’s/don’ts – model complexity

Solvency do’s/don’ts – expert judgement
Solvency do’s/don’ts – materiality

Solvency do’s/don’ts – validation
Solvency do’s/don’ts – documentation

Solvency do’s/don’ts – project management
Solvency do’s/don’ts – benefits to the firm

Next steps

• Plans for 2014
• New members welcome
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 presenters.