



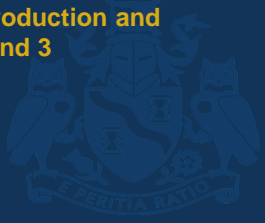
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Solvency II: Practical Production and Reporting for Pillars 1 and 3

Martin Noble, Zurich Insurance UK
Alexander Hanks, EY
Helen Cahill, Allianz

21 June 2016

17 June 2016



Presentations

- Pillar 1: Streamlining the TP Production Process (Martin Noble)
- Pillar 3: Reporting Requirements (Alexander Hanks)
- Practical Pillar 3 Reporting Issues (Helen Cahill)
- Q&A



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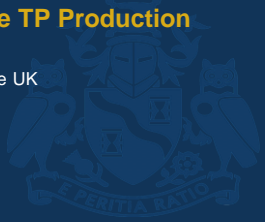


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Pillar 1: Streamlining the TP Production Process

Martin Noble, CRA, Zurich Insurance UK

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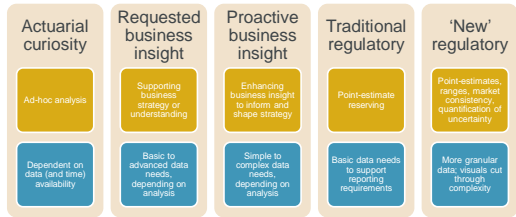


Agenda

- Where are we now? – the ever growing demands of a Reserving Actuary
- Summing up reporting and regulatory requirements
- Do you have a streamlined process?
- Better visuals can enhance SII TP reporting as much as the latest trend



Growing demands of Reserving Actuaries

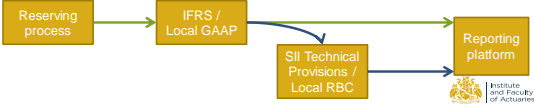


Summing up reporting and regulatory requirements



Do you have a streamlined process? (1)

- How can we ensure a high quality and more 'automated' reserving process?
 - Can we build models which can be parameterised in advance?
 - Can our models for Technical Provisions simply be refreshed as the IFRS/Local GAAP reserves are produced?
 - Practically speaking, taking time out to review processes is key, but difficult



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Do you have a streamlined process? (2)

- How can we ensure a high quality and more 'automated' reserving process?
 - a single reserving process (with adjustments as appropriate) is surely better than two...
 - ...and especially so if value-add areas from SII can be integrated into a single, core, reserving process
 - Should we present the impact on SII reserves to the IFRS reserving committee – demonstrating use test if stakeholders are making decisions in knowledge of impacts
 - A focus on ensuring consistent quality is an important aspect
 - So too is ensuring the time of the reserving actuary is well-spent, in the context of ever-increasing demands (and team morale)



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Better visuals can enhance SII TP reporting as much as the latest trend

- Growing demands create opportunities for 'visualisation efficiencies'
 - Solvency II, IFRS 4.2 – increasingly complex regulatory regimes are departing further from traditional reserving point-estimates
 - Gaining Senior Management understanding is key
 - e.g. using waterfall graphs to bridge between reserving bases
 - e.g. automating the way you conduct an 'analysis of change'



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Pillar 3: Reporting Requirements

Alexander Hanks, EY



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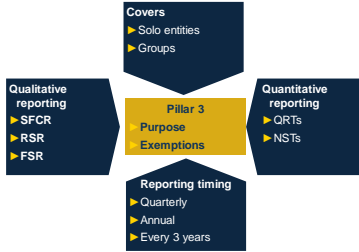
Content

- Pillar 3 Reports
- Pillar 3 Framework
 - Quantitative Reporting Templates
 - National Specific Templates
 - Financial Stability Report
 - Solvency and Financial Condition Report
 - Regular Supervision Report
- Timelines

Pillar 3 Reports



Pillar 3 Framework



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Quantitative Reporting Templates

- Audience: Private and public disclosure
- Frequency: Quarterly and Annual
- Format: XBRL

Categories	Contents
1. Content of the submission/ basic information	Basic data
2. Balance sheet/ off balance sheet	Solvency II balance sheet, details of off-balance sheet items, assets and liabilities per currency.
3. Premiums, claims and expenses paid	Analyses of premiums, claims and expenses by Solvency II LOB and country. Valuation and recognition is on a financial statement basis.
4. Assets	List of single investments, structured products, derivatives, funds (including look-through), securities and performance indicators on investments
5. Life insurance related templates	Overview of technical provisions per LOB and Top 5 countries, cashflows, information on annuities from non-life business, variable annuities
6. Non-life insurance related templates	Overview of technical provisions per LOB and most important countries, cashflows, gross and net development triangles per LOB and currency, information on loss development, loss profiles, underwriting risks per LOB, top underwriting risks



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Quantitative Reporting Templates

Categories	Contents
7. Long term guarantees and transitional measures	Analyses of impact of long term guarantees and transitional measures
8. Own Funds, MCR, SCR	Details on own funds, SCR overview for standard formula or (Partial) Internal Models, details for all sub-modules of risks, MCR overview
9. Participations	Details of participations (solo only)
10. Excess of assets over liabilities	Variation analyses - explanation of movement in the excess of assets over liabilities by reference to investments, financial liabilities, technical provisions, capital items, other variations.
11. Reinsurance	Details on facultative covers, reinsurance contracts for new business, details on reinsurers, cessions to special purpose vehicles
12. Group specific templates	Overview of entities in scope of the group, solvency requirements and technical provisions.
13. Intra-group transactions	Details on intra-group transactions, risk concentrations
14. Ring-fenced funds	Subset of templates disclosing information on ring-fenced funds – balance sheet, technical provisions, capital requirements

Reducing timeline in which to complete these submissions.



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Example QRT

S.16.01.01
 Information on annuities stemming from Non-Life Insurance obligations

S.16.01.01.01
 Z.Nic:

TB/Direct Business
 VIG/Solvency II

RL/Annuities stemming from non-life insurance contracts

	The related reporting line of business	2015	18.10
RB/All members	Business year / Underwriting year	2015	AM 8
AC/All members	Business year / Underwriting year	2015	CA, 1
OC/All members	Business year / Underwriting year	2015	CA, 1

Information on year N:

The average interest rate

	CO10
RO10	
RO20	
RO30	

The average duration of the obligations

The weighted average age of the beneficiaries

06/6

S.16.01.01.02
 Z.Nic:

TB/Direct Business
 VIG/Solvency II

RL/Annuities stemming from non-life insurance contracts

	The related reporting line of business	2015	18.10
RB/All members	Business year / Underwriting year	2015	AM 8
AC/All members	Business year / Underwriting year	2015	CA, 1
OC/All members	Business year / Underwriting year	2015	CA, 1
AF/All members	Business year / Underwriting year	2015	CA, 1



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National Specific Templates

- Audience: Private reporting to regulator
- Frequency: Annual
- Format: Excel
- Description: UK specific templates (specified by PRA)

Non-life internal model		Life internal model	
NL-IMS-01	Basic information	IM.01	Internal model risk outputs (life)
NL-IMS-02	Reserving risk	IM.02	Internal model counterparty risk (life)
NL-IMS-03	Premium risk		
NL-IMS-04	Premium risk — Historical LfEs		
NL-IMS-05	Premium and reserve risk correlations		
NL-IMS-06	Catastrophe risk		
NL-IMS-07	Market risk		
NL-IMS-08	Total risk distributions		
NL-IMS-09	Total risk correlations		
NL-IMS-10	Comments		
IM.02	Internal model counterparty risk (life)		



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Financial Stability Report

- Audience: Private reporting to regulator for groups or solo entities with total assets > € 12 billion
- Frequency: Quarterly, semi annual, annual
- Format: XBRL
- Description:
 - Small number of QRTs.



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Solvency and Financial Condition Report

- **Audience:** Public Disclosure
- **Frequency:** Annual
- **Format:** Narrative & XBRL
- **Description:**
 - Small number of QRTs.
 - Narrative report to include qualitative and quantitative information
 - Published on website and send to supervisor in electronic form



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Public Disclosure QRTs

Code	Group	Code	Group
5.02.01.02	Balance sheet	5.22.01.22	Undertakings in the scope of the group
5.05.01.02	Premiums, claims and expenses by line of business	5.02.01.02	Balance sheet
5.05.02.02	Premiums, claims and expenses by country	5.05.01.02	Premiums, claims and expenses by line of business
5.12.01.02	Life and Health SLT Technical Provisions	5.05.02.02	Premiums, claims and expenses by country
5.17.01.02	Non-Life Technical Provisions	5.22.01.22	Impact of long term guarantees measures and transitionals
5.19.01.21	Non-Life insurance claims	5.23.01.22	Own funds
5.22.01.21	Impact of long term guarantees measures and transitionals	5.25.01.22	Solvency Capital Requirement - for undertakings on Standard Formula
5.23.01.01	Own funds	5.25.01.22	Solvency Capital Requirement - for undertakings using the standard formula and partial internal model
5.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula	5.25.02.22	Solvency Capital Requirement - for undertakings on Full Internal Models
5.25.02.21	Solvency Capital Requirement - for undertakings using the standard formula and partial internal model	5.25.03.22	Solvency Capital Requirement - for undertakings on Full Internal Models
5.25.03.21	Solvency Capital Requirement - for undertakings on Full Internal Models		
5.28.01.01	Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity		
5.28.02.01	Minimum Capital Requirement - Both life and non-life insurance activity		



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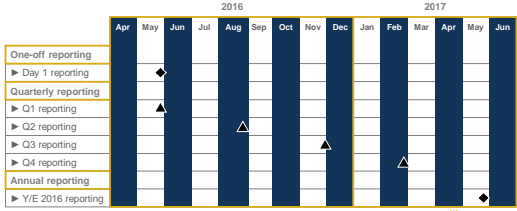
Regular Supervision Report

- **Audience:** Private reporting to regulator
- **Frequency:** Full RSR every 3 years, annual summary of changes between years.
- **Format:** Narrative
- **Description:**
 - Narrative report to include qualitative and quantitative information
 - Send to supervisor in electronic form



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Timelines – Solo entities



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Practical Pillar 3 Reporting Issues

Helen Cahill, Allianz

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Practical Implementation Challenges

- Overheads of reporting
- Disproportionate for small companies – waiver

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 onorship
 Thought leadership
 Progress
 Community
 Seasonal Meetings
 Education
 Working parties
 Volunteering
 Research
 Shaping the future
 Networking
 Professional support
 Enterprise and risk
 Learned society
 Opportunity
 International profile
 Journals
 Support



Practical Implementation Challenges

- Joined up approach
- Holistic view
- Governance of sign-off

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 Thought Leadership
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 Support



Practical Implementation Challenges

- Making approximations – SI, Bordereau,...
- 15 years data
- Future requirements?

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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.
