Institute and Faculty of Actuaries

Solvency II Voluntary Disclosures

David Honour
KPMG

16 September 2016

Institute and Faculty of Actuaries

Solvency II disclosures?

16 September 2016

Extent of Solvency II voluntary disclosures

Key:
- ✗ Information not disclosed
- ✓ Disclosed at both YE15 and HY16
- ✓ (YE15) Only disclosed at YE15
- ✓ (HY16) Only disclosed at HY16

European Groups

		AEGON	Ageas(a)	Allianz	AXA	CNP	Delta Lloyd	Generali	Hannover Re	Munich Re	NN Group	SCOR
Key metrics disclosed	Solvency II cover ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Own funds/SCR	✓	✓	✓	✓	✓	✓	✓	✓ (YE15)	✓ (YE15)	✓	✓ (YE15)
	SCR by risk type	✓ (YE15)	✗(a)	✓ (YE15)	✓	✓ (YE15)	✓ (YE15)	✓ (YE15)	✗	✓ (YE15)	✗	✓ (YE15)
	SCR impact of diversification	✓ (YE15)	✗(a)	✓ (YE15)	✓ (YE15)	✓ (YE15)	✓ (YE15)	✓ (YE15)	✗	✓ (YE15)	✗	✓ (YE15)
Analysis disclosed	Sub group disclosures	✓	✓	✓ (YE15)	✓	✓ (YE15)	✓ (YE15)	✓ (YE15)	✗	✓ (YE15)	✓(c) (YE15)	✗
	Reconciliation to IFRS	✗	✗(a)	✗	✓ (YE15)	✗	✗	✓	✗	✓ (YE15)	✓ (YE15)	✗
	Reconciliations to MCEV	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Sensitivities	✓	✗(a)	✓	✓	✓ (YE15)	✓	✓ (YE15)	✗	✓ (YE15)	✓	✓ (YE15)
	Analysis of change	✓ (HY16)	✗	✓ (HY16)	✓	✗	✓ (HY16)	✓(b) (YE15)	✗	✗	✓ (HY16)	✓ (YE15)
	Quality of capital	✓ (YE15)	✓	✗	✓ (YE15)	✓	✓	✓	✗	✓ (YE15)	✓	✗

UK Groups

		Aviva	BUPA	Direct Line Group	L&G	LBG	Old Mutual	Phoenix	Prudential	Standard Life	RSA
Key metrics disclosed	Solvency II cover ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Own funds/SCR	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓
	SCR by risk type	✓	✓	✓	✓	✗	✓ (YE15)	✗	✓	✓	✓ (YE15)
	SCR impact of diversification	✓	✗	✗	✗	✗	✓ (YE15)	✗	✗	✗	✓ (YE15)
Analysis disclosed	Sub group disclosures	✗	✗	✗	✗	✗	✓ (YE15)	✓ (YE15)	✓	✓ (YE15)	✓ (YE15)
	Reconciliation to IFRS	✓	✓	✓	✓	✗	✗	✗	✓	✓	✓
	Reconciliations to MCEV	✓	n/a	n/a	✗	✗	✗	✗	✗	n/a	n/a
	Sensitivities	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓ (YE15)
	Analysis of change	✓ (HY16)	✗	✗	✓	✗	✓ (HY16)	✓ (HY16)	✓	✗	✓ (HY16)
	Quality of capital	✗	✓	✓	✓	✗	✓	✗	✓	✓ (YE15)	✓

Note:
(a) Ageas disclosed SCR by risk type, impact of diversification, IFRS, sensitivities and analysis of change at the Insurance level
(b) Generali shows Analysis of change of economic capital and not Solvency II (regulatory view).
(c) NN Group disclosed NN Life Solvency II results only, but not the rest of entities.

- Significant variation in the level and quality of disclosures
- Level and nature of disclosure is a long way from what will be disclosed as part of Pillar 3 reporting

Institute and Faculty of Actuaries

Extent of Solvency II voluntary disclosures (cont.)

European Groups

	AEGON [(a)]	Ageas	Allianz[(b)]	AXA	CNP	Delta Lloyd	Generali	Hannover Re	Munich Re	NN Group	SCOR
SCR approach	PIM	PIM	PIM	IM	SF	SF	PIM	PIM	IM	PIM	IM
Transitional deduction for technical provisions used	✓	n/d	✗	✗	✗ [(g)]	n/d	✗	n/d	✗	✗	✗
Equity risk transitional used[(d)]	n/a	n/d	✗	n/a	✗	✓	✗	n/a	n/a	✓ [(c)]	n/a
Matching adjustment used	✓	n/d	✗	✗	n/a	n/a	✗	✗	✗	✗	✗
Volatility adjustment used	✓	✓	✓	✓	n/a	✓	✓	✗	✗	✓	✗
Equivalence assumed for non-EEA businesses[(e)]	✓	n/d	✓	✓	✗	✗	✗	✗	✗	✓	✗

UK Groups

	Aviva	BUPA	Direct Line Group	L&G	LBG	Old Mutual	Phoenix	Prudential	Standard Life	RSA
SCR approach	PIM	SF	PIM[(h)]	PIM	IM	SF	IM	IM	PIM	IM
Transitional deduction for technical provisions used	✓	n/d	✗	✓	✓	✗	✓	✓	✓	✗ [(g)]
Equity risk transitional used[(d)]	✗	n/d	✗	✗	n/a	✗	n/a	n/a	✗	✗
Matching adjustment used	✓	n/d	n/d	✓	✓	✗	✓	✓	✓	n/d
Volatility adjustment used	✓	n/d	n/d	✗	✗	✗	✗	✗	✓	n/d
Equivalence assumed for non-EEA businesses[(e)]	✗	n/d	n/d	✓	✗	✓ [(f)]	✗	✓	✗	n/d

Note: n/d = Not disclosed; n/a = Not applicable

(a) AEGON disclose that they use transitionals, however they do not explicitly state which type
(b) Allianz disclose in earlier press release over 2015 that they do not intend to use Transitionals
(c) NN Group's disclosures implied the use of equity transitionals
(d) The use of equity risk transitionals is not applicable for Internal Model firms.
(e) Some companies may not assume equivalence as they don't have non-EEA business
(f) Insurance entities in Bermuda, South Africa and other African countries are included using deduction and aggregation
(g) CNP and BUPA do not use transitional benefit but apply grandfathering rules on subordinate debt
(h) Direct Line Group presented HY16 results based on their PIM which was approved in 2016.

– Limited information has been given on the underlying assumptions including impact of transitional benefits, matching adjustment and volatility adjustment

Institute and Faculty of Actuaries

Solvency II cover ratios and target ranges

GBP £bn	Munich Re[a] AA-	NN Group[a] A-	Hannover Re[a,c] AA-	SCOR AA-	Ageas[a] A	AXA[a] A+	Allianz[a] AA	Direct Line[d] A	BUPA A-	Prudential AA	Aviva A+	Delta Lloyd[a,e] A-	CNP[a] A	Generali[a] A-	AEGON[a] A-	RSA A	L&G AA-	Standard Life A-	LBG BBB+	Old Mutual BBB-	Phoenix A-
Own funds	n/d	12.1	n/d	n/d	6.3	47.9	58.9	2.5	3.4	21.1	22.4	4.3	18.0	31.9	14.8	3.0	14.3	6.3	n/d	6.0	6.1
SCR	n/d	4.8	n/d	n/d	3.4	24.3	25.7	1.1	1.9	12.0	12.9	2.5	10.9	19.8	9.4	1.9	9.0	4.1	n/d	4.4	5.0
Surplus	n/d	7.3	n/d	n/d	2.9	23.5	33.2	1.4	1.5	9.1	9.5	1.8	7.1	12.1	5.4	1.1	5.3	2.2	n/d	1.6	1.1

Note:
(a) Please note that the information presented here was disclosed in EUR and converted to GBP at the exchange rate as at 30 June 2016.
(b) Munich Re stated an estimated range for their SII cover ration during the Q&A, this range was 250%-260%.
(c) Hannover Re disclosed with one quarter lag, 227% represents Q1 2016.
(d) Direct Line Group moved from SF company to PIM, that explains the substantial increment in their ratio.
(e) Delta Lloyd has increased considerably following the issue of rights, the sale of Von Lanschot and ALM management actions implemented during the half year.

– Generally firms' solvency ratios decreased over the first half of 2016 – driven by poor market performance

Institute and Faculty of Actuaries

Market and non-market sensitivities

Normalised Solvency II SCR cover ratio market sensitivities by insurer

Sensitivity	Year	AEGON	Allianz[a]	Aviva	AXA	CNP[a]	Delta Lloyd[a]	Generali [a]	L&G	Munich Re[a]	NN Group[a]	Old Mutual	Prudential	SCOR	Ageas	BUPA	Direct Line	Phoenix [f]	Standard Life [f]
		SCR Cover Ratio																Surplus	
Interest rate +100bps	HY16	4%	14%[b]	7%	10%		16%		14%		24%	0%	27%[d]			0%			-5%[d,e]
	YE15	-2%	18%[b]	5%	4%[a]	26%	-8%	8%	19%	22%	14%	0%	17%	16%				10%	-5%
Interest rate -100bps	HY16	-14%	-24%[b]	-12%[a]	-10%		-12%		-14%		-30%		-14%[a]		-19%	0%	-6%		5%[d,e]
	YE15	-4%	-28%[b]	-7%[a]	-16%[a]	-28%		-16%	-11%	-24%			-28%[a]	-15%				-10%	5%
Credit Corporate +100bps	HY16	5%	-10%	-1%	-1%[a]		-22%[c]		-6%		36%	0%	-7%		-17%	0%	-6%	-9%	-9%[a]
	YE15	3%	-8%	-3%		-13%	-30%[c]	-5%	-1%	-30%	-20%	0%	-6%	-7%				-8%	-10%[a]
Credit Corporate -100bps	HY16			-2%[a]			14%[c]												9%[a]
	YE15			3%[a]			16%[c]		1%										10%[a]
Equity +25%	HY16	3%[a]	7%		3%		5%												
	YE15	3%[a]	8%	3%[a]	3%		18%	13%	6%[a]	13%									
Equity -25%	HY16	-3%[a]	-6%	-1%	-9%		-5%				-11%	1%	-6%[a]		-3%[a]				
	YE15	-5%[a]	-8%	-3%	-6%		-20%	-14%	-5%[a]	-13%	-10%	0%	-9%[a]	-3%[a]					
Ultimate Forward Rate – 50bps	HY16	-7%					-13%				-13%				-2%				
	YE15						-21%												
Mortality -1%(g)	HY16																		
	YE15								-2%										
Annuitant mortality -5%(h)	HY16			-8%														-18%	
	YE15	-5%[a]		-8%[a]					-10%[h]									-15%	-5%

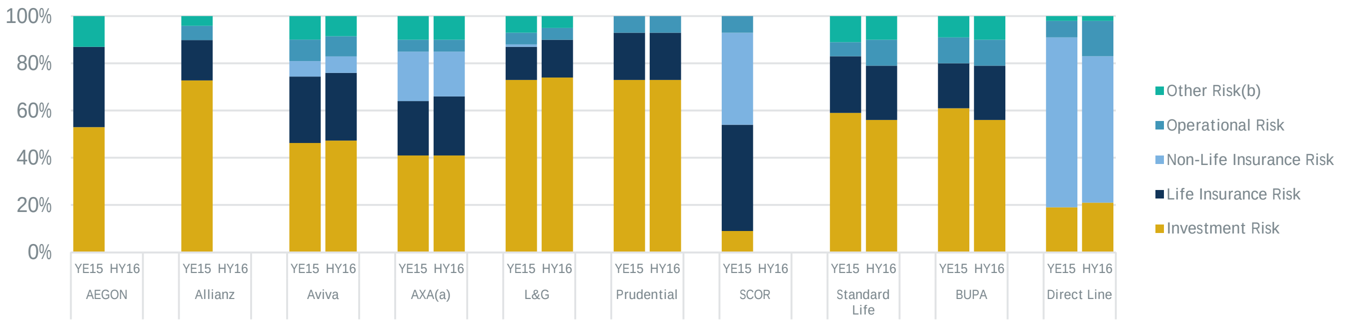
a) Stresses have been 'normalised' by linear extrapolation for comparison purposes.
b) These are non-parallel shifts.
c) Includes movement VA +/-28bps
d) Assumes transitional recalculation which is subject to PRA approval.
e) Yield floor of -0.3%.
f) These are the percentage change in the surplus instead of solvency ratio.
g) Sensitivity represents a 1% decrease in mortality rates for non-annuity business
h) Sensitivity represents a 5% decrease in mortality rates for annuity business

- Comparing sensitivities is challenging given variability between size/type of shock disclosed and impact of SII consolidation
- All firms with transitional benefits have assumed these will be recalculated under interest rate shocks

Institute and Faculty of Actuaries

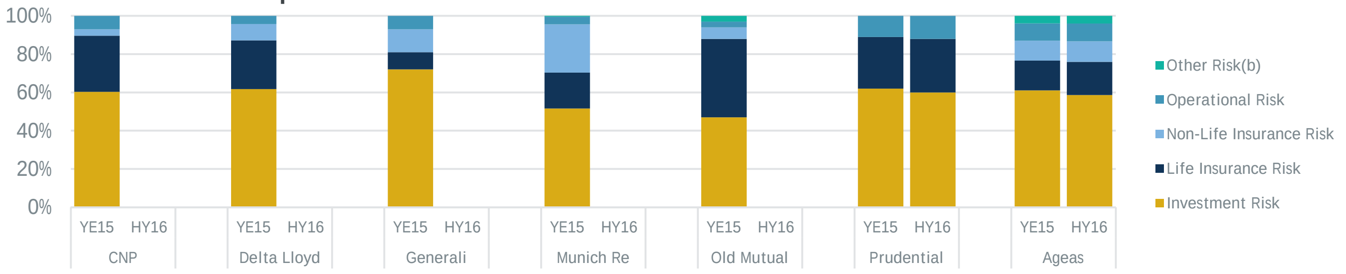
Required Capital by risk type

Diversified capital



Note: (a) Assumed to be post diversified.
b) Other for these companies includes:
- AXA includes Counterparty risk.
- L&G includes Counterparty risk and others not specified.
- BUPA includes Counterparty risk and Participations (Associates and JVs)

Pre-diversified capital



Note: (a) Ageas figures represents the Life Insurance business and excludes the General Account which is included in the Group position.
(b) Other - Ageas includes Counterparty risk.

- Comparability of capital profiles is challenging given company structures, mix of business and definitions of risk taxonomy
- For firms that have disclosed the required capital splits, there has been no material movement in risk positions over the first half of 2016

Institute and Faculty of Actuaries

Quality of capital

(In GBP)	AEGON[d] YE15	AEGON[d] HY16	AXA[a,d] YE15	AXA[a,d] HY16	CNP[d] YE15	CNP[d] HY16	Delta Lloyd[d] YE15	Delta Lloyd[d] HY16	Generali[d] YE15	Generali[d] HY16	L&G[b] YE15	L&G[b] HY16	NN Group[c,d] YE15	NN Group[c,d] HY16	Old Mutual YE15	Old Mutual HY16	Prudential YE15	Prudential HY16	Ageas[d] YE15	Ageas[d] HY16	BUPA YE15	BUPA HY16	Direct Line Group YE15	Direct Line Group HY16	RSA YE15	RSA HY16
Total of exposure (£m)	14.8		43.7		17.0	18.0	2.9	4.3	30.5		13.5	14.3	9.8	12.1	6.0	6.6	20.1	21.1	7.8	7.3	3.1	3.4	2.5	2.5	2.9	3.0
Tier 1 (unrestricted)	65%		68%		70%	64%	50%	60%	78%		81%	81%	70%	70%	78%	79%	78%	73%	73%	72%	71%	74%	73%	72%	52%	55%
Tier 1 (restricted)	15%		16%		15%	16%	13%	15%	11%		4%	4%	15%	14%	5%	5%	4%	4%	19%	18%	13%	12%			13%	14%
Tier 2	10%		16%		15%	20%	33%	22%	11%		14%	15%	9%	7%	17%	17%	18%	23%	5%	8%	16%	15%	25%	24%	35%	28%
Tier 3	10%				0%	0%	4%	3%	0%		0%	0%	6%	2%	0%	0%	0%	0%	2%	2%	0%	0%	2%	4%	0%	3%

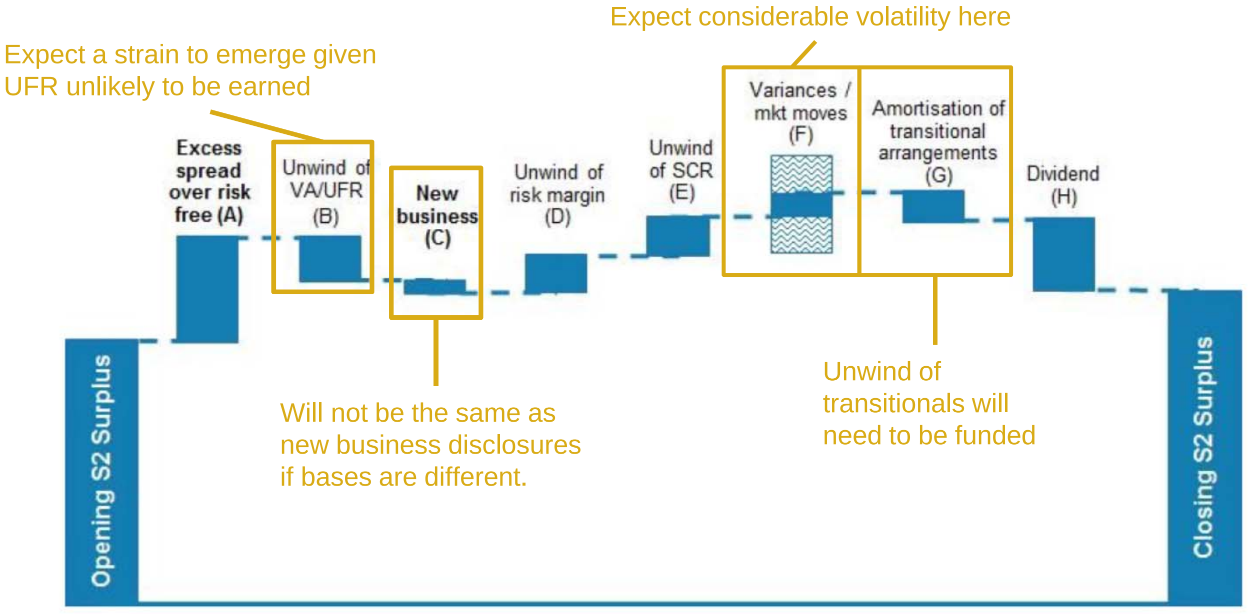
Note:
(a) This is based on Q3 2015 disclosure
(b) L&G have a deductions line in the their disclosed quality of capital which has been ignored in the above analysis.
(c) NN group have a non-SII regulated entities line in their disclosed quality of capital which has also been ignored in the above analysis
(d) Please note that the information presented here was disclosed in Euros and converted to GBP at the exchange rate as at 31 Dec 2015

- The quality of capital has been stable for those firms that have disclosed this information
- A notable exception to this is Delta Lloyd that successfully completed it's rights issue.

Institute and Faculty of Actuaries

Explaining surplus and capital generation?

Illustrative surplus generation by Morgan Stanley

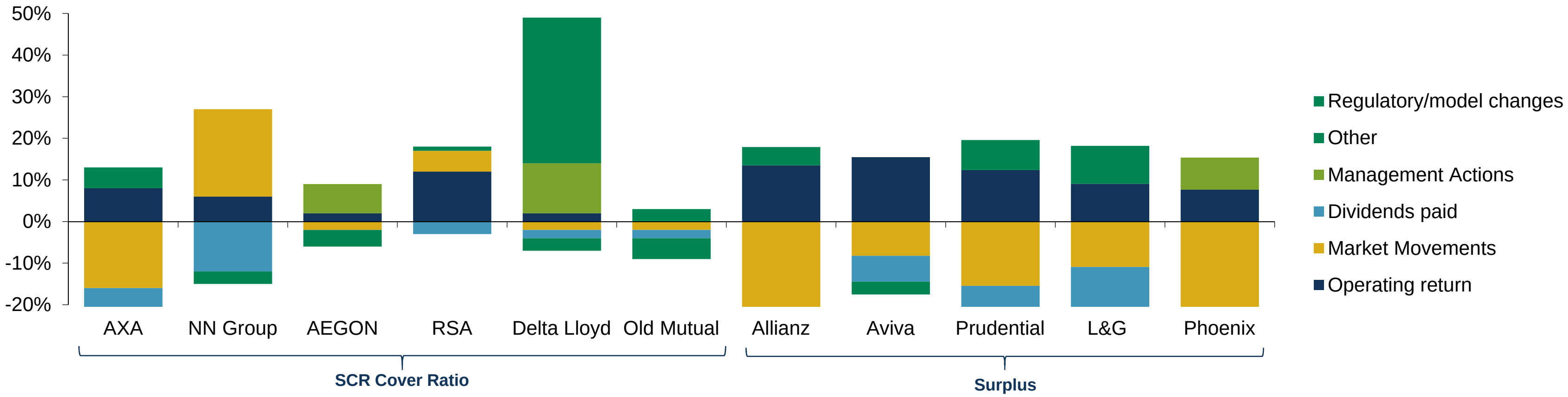


Source: Morgan Stanley Research. Note: The sizes of the blocks are indicative and do not necessarily represent their relative importance.

- We expect firms to include an analysis of Solvency II surplus going forwards.
- Current definitions of surplus generation can be challenging to compare as based on different metrics (e.g. EV profits, new business)

Institute and Faculty of Actuaries

Analysis of movement



Note: Other includes:

- AXA includes subordinated debt, forex and other.
- RSA Other includes restructuring costs, bond pull-to-par, Latin American and Russian disposals and Pension
- Delta Lloyd Other includes rights issues and sale of Van Lanschot. Regulatory/model changes reflects the run off of equity transitionals
- Allianz includes diversification effects and third country equivalence.
- Aviva includes Centre and debt costs.
- L&G includes other capital movements which includes first phase of management actions.

- All firms reported positive operating earnings over the period
- Nearly all firms reported negative contributions from market movements over the period. Notable exceptions to this were NN-group and RSA.
- Where firms reported the impact of management actions these had a positive contribution to return

Institute and Faculty of Actuaries

Management actions

Company	Key management actions	Impact on SII ratios
Phoenix	'Management Action broadly fall into two types under SII: those that increase SII Own Funds and hence increase the total quantum of cash flows emerging from the business, and those that reduce the SCR and hence allow an acceleration of cash that would otherwise been expected to emerge over time.'	'£86m to SII surplus, including the benefits from **modelling enhancements and asset and liability actions.** £86m includes £63m of management actions that have increased OF in the period, and £23m that have decreased SCR'
Legal & General	'**Remove eligibility restrictions around certain assets and removed inadvertent prudence left in their best estimate liability calculations** as they transferred from SI to SII.'	'£0.5bn but not all represents management actions, there are some mixture of actual experience in the first 6 months of the year.'
Delta Lloyd	Solvency ratio has benefited by 6% from management actions taken, which **include reduced equity, currency and credit exposures, as well as modelling enhancements** in Belgium. It continues to expect its programme of ALM actions to deliver a total of 10-15% uplift to the ratio (of which +6% has now been realised).	'+6% from positive management actions and +27% from the pro-forma effect of the rights-issue. And the Van Lanschot disposal which is +8%.'
Aviva	'Capital generation is running at the top end if not above the 5-10% range. 3% is attributed to management actions.'	We are generating capital and we have a lot of management actions still coming through. Our guidance is still 5 -10%, as we are not optimised for SII yet, we hope to give more guidance as we progress.
Allianz	'Conservative management action positioning in preparation for a potential Brexit helped to keep OF stable in a volatile market environment. Management actions driven by hedging activities e.g. currency and sovereign spread hedging, reduction of European banking exposure.'	ND
Aegon	Various management actions implemented in NL business including additional interest rate hedges, improved methodology for applying volatility adjustor, better modelling of future management actions to manage expenses in stressed conditions as well as divestment from UK annuity portfolio	UK annuity divestment – 2% increase NL business management actions – 5% increase

Institute and Faculty of Actuaries

Management actions – example disclosures

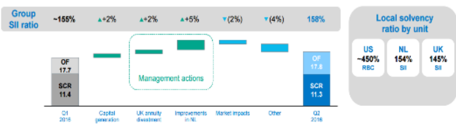
AEGON – typical regular disclosure style

Management actions improve Solvency II ratio

What changed?	Why change?
• Additional interest rate hedges have been implemented pre-Brexit	• Reduce the sensitivity of the ratio for changes in market conditions and volatility in staff pension plan in NL
• More thorough application of our methodology regarding the Volatility Adjuster	• As a result of a deep dive into our models, areas were identified where methodology could be applied more rigorously
• Appropriately reflect actions that could be taken to manage expenses in stressed conditions	• The previous approach did not fully reflect expenses and actions that could be taken in the long-term in stressed conditions
• Other model and data refinements	• Previous prudent approach replaced with more granular data

Increased Solvency II ratio

Management actions drive Solvency II ratio up



- Estimated group Solvency II ratio increased to 158% mainly due to management actions
- NL management actions include a more thorough application of the volatility adjuster, additional interest rate hedges and lower risk margin related to future expense levels
- Market impacts relating to declining interest rates were partly offset by spread tightening in NL
- Other movements include tiering capacity limits, diversification and FX impacts

Note: OF = Own funds; SCR = Solvency capital requirement

Delta Lloyd – one off example driven by rights issue

	Action	Expected impact	H1 2016 Impact	OF/SCR[1]	
ALM Actions	Equity de-risking	3-5%	✓	SCR	• Largely completed • Decreases expected return
	Currency de-risking	1-2.5%	✓	SCR	• Progress in line with sale of equities
	Credit de-risking	3-5%	✓	SCR	• Largely completed • Decreases expected return
	Model enhancements	2-4%	✓	OF/SCR	• Modelling enhancements for DL Life Belgium
	Treasury restructuring	1-2%	✓	SCR	• Restructuring of centralised cash pool reduces capital requirements
	Longevity hedge	-/+		OF/SCR	• Duration extension and restructuring • Dependent on pricing / regulator
	Total	**c.10-15%**	**c.12%**		• **Refilling pipeline of management actions**
Sale VL	Sale of Van Lanschot	c.8%	✓	OF	• Completed

1. OF = Own Funds, and SCR = Solvency Capital Requirement

– Examples of good practice on disclosure of management actions for a firm in a normal reporting period and for firms with one-off actions such as a rights issue.

New business disclosures

Current approaches used varies between firms:

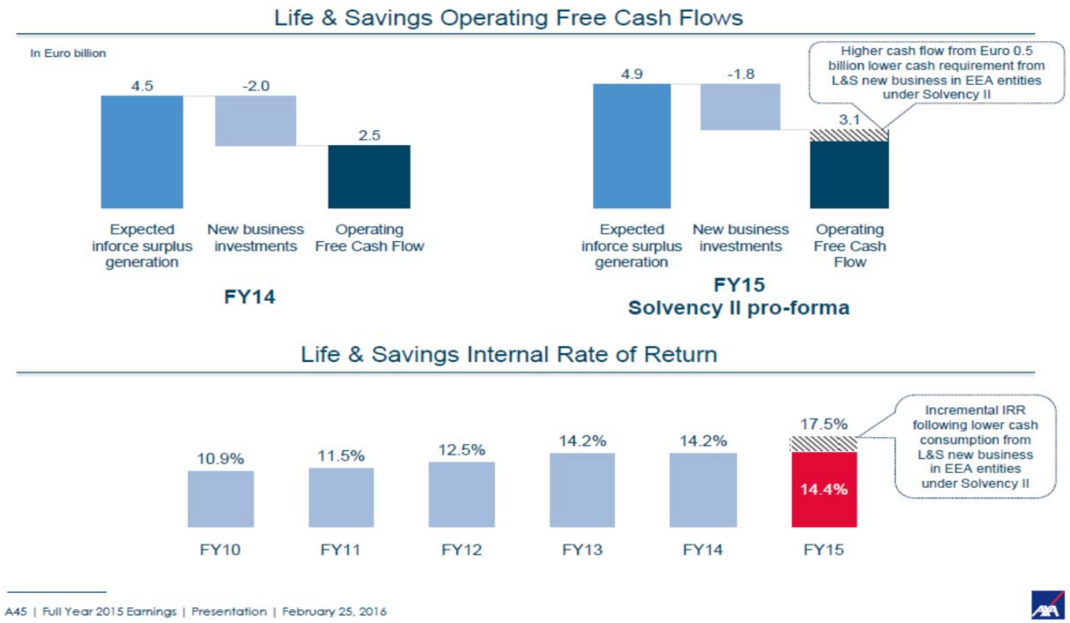
MCEV/EEV aligned to Solvency I

MCEV/EEV aligned to Solvency II

Solvency II

Pricing basis

L&S operating free cash flows and internal rate of return



- We observed limited consistency in disclosing the value of new business at YE2015.
- Some firms have aligned their bases to Solvency II whilst others will only update this over 2016.

Institute and Faculty of Actuaries

Institute
and Faculty
of Actuaries

Market statement and reactions?

16 September 2016

Brexit potential impacts and reactions

"*Solvency II own funds and SCR supported*

by conservative management actions in preparation for post-Brexit movements (e.g. currency and sovereign spread hedging, reduction of European banking exposure)

Allianz HY16"

"*L&G estimated on 27 June 2016 that the Group's Solvency II coverage ratio (PRA basis) was c.156%, therefore we are well prepared for the short term implications from the referendum. Brexit hasn't changed the fact that the largest risk on our balance sheet is credit.*"

L&G HY16

"*Given the UK focus of Phoenix's operations there is no direct impact on our operations from Brexit. However the EU Referendum has had a significant impact on financial markets, with a marked decline in long-term interest rates.*"

Phoenix HY16

"Brexit, in general for us had minimal strategic and certainly minimal financial impact to the Group; UK participation has been selective with incremental capital allocation to Asia/US.

Prudential HY16"

"*Despite bond yields at historic lows, a more challenging outlook for corporate credit and asset price weakness following the Brexit vote, our Solvency II coverage ratio remains toward the top end of our working range*

Aviva HY16"

- All firms have commented in about the impact of Brexit in their half year disclosures.
- Most firms have made some qualitative statements with only L&G publicy disclosing an estimate of the impact on the SII cover ratio.

Institute and Faculty of Actuaries

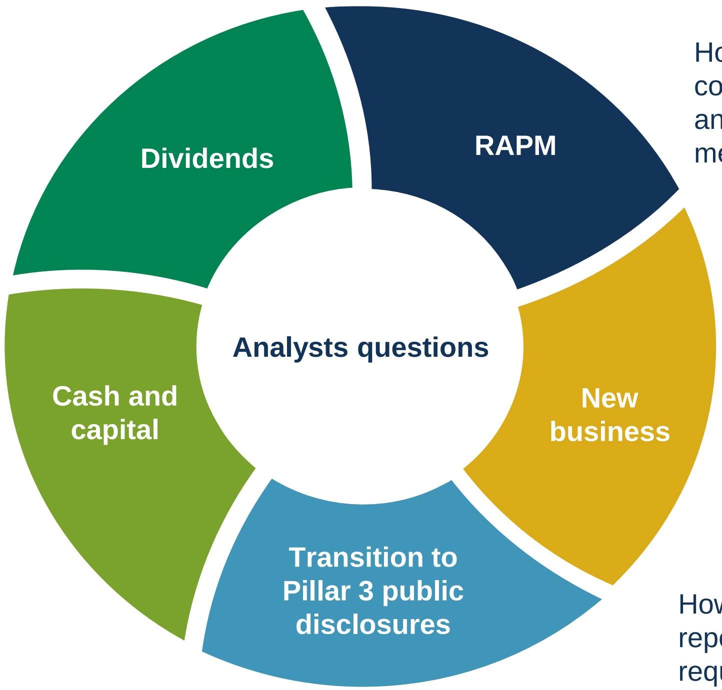
Analysts hot topics

How do you plan to demonstrate dividend paying capacity in SII world?

Will you link this to target SII ratios?

What is your definition of cash post SII?

How will you demonstrate cash generation / free surplus generation post SII?



How will you manage conflicts between internal and external reporting metrics?

How do you plan to demonstrate the value of New Business post SII?

How will this be aligned to SII metrics?

How do you balance public reporting with Pillar III requirements?

- Analysts are asking increasingly more detailed questions on Solvency II and expect to get answers.
- Analysts are particularly keen to understand the impact of Solvency II on cash/capital generation and dividends.

Institute and Faculty of Actuaries

Analyst questions

FY15 questions

"What extent has the recent market turmoil impacted the capital positions?"
AEGON FY15

"What is the organic SII capital cash generation?"
Prudential FY15

"Aviva were queried on the level of diversification benefit achieved from the integration of Friends Life and how this impacted guidance for growth in solvency capital generation?"
Aviva FY15

"Munich Re were queried on the options available to utilise the high excess capital available."
Munich Re FY15

"What was the Own Funds and SCR of the Heritage With Profits fund on a solo basis?"
Standard Life FY15

"Has annuity pricing for bulks changed materially since SII came into force? Also is there a preference for large bulks versus existing retail annuity books?"
L&G FY15

"What is the impact of transitional measures in their SII ratio?"
Aviva FY15

HY16 questions

"The 1 billion of underlying organic capital into generation represents about 10% of your opening SCR which annualises at 20% which is the top end of your peer range. It is also relatively stable compared to the 2 billion in 2015. Can we use that as a starting point to build forward?

A: I think your analysis is correct. I mean, clearly there are

some management actions in there that benefit, which you have accounted for them."
Prudential HY16

"The IM approval is expected around 2018, do you have a rough estimation of the impact?

A: We expect an impact of 10 - 15%, based on other competitors in Europe."
Delta Lloyd HY16

"On the 8%pts of capital generation you have in SII world in 1st half, how much is truly underlying and how much down to volatility and management actions

A: All underlying business, so there is not much variance about this."
Generali HY16

"Capital generation is running at the top end if not above the 5 - 10% range. 3% is allocated to management actions, what about the rest?

A: We are in the early stages of SII, and are still working out how it will work. We are generating the capital and we have a lot of management actions still coming through. Our guidance is still 5 to 10%, as we are not optimised for SII yet"
Aviva HY16

"Credit spread sensitivity is de minimis. At the end of this year, you will have to disclose" without dampeners. How do you think of credit risk in relation to sensitivities?

A: VA is not something that will disappear tomorrow. It's quite interesting, a lot of companies who didn't apply on their transitional SII will be penalised compared to those who did if VA is removed overnight, therefore I don't think it will happen."
AXA HY16

"How large is diversification benefit in SCR and how has changed since SF basis (now PIM)?

A: Significant but not disclosing and not plan to."
Direct Line Group HY16

– At half-year 2016 there was more focus on the impacts of recent market volatility and SII capital generation whereas at year-end 2015 the focus was more generally on the SII results and methodology.

Institute and Faculty of Actuaries

Institute and Faculty of Actuaries

Future reporting?

16 September 2016

SFCR quantitative disclosures

Current disclosures

Own Funds

SCR

Cover Ratio

High level information only

Solvency Information disclosed will be more granular and detailed

Future disclosures

Full balance sheets

— Detailed asset information

— Technical provisions (BEL + RM) by line of business

— Value of Reinsurance assets and provisions

Components of Own Funds

— Ancillary Own Funds

— Capital tiering

Detailed breakdown of SCR

— SCR by risk type

— Details of diversification benefit

— Notional SCR of ring-fenced funds (including MA Portfolios)

Additional information disclosed will be consistently defined and will be more sensitive in nature

— Expected Profits in future premiums

— Bridge to IFRS

— Impact of transitional relief, matching adjustment and volatility adjustment

— Detailed methodology and assumptions

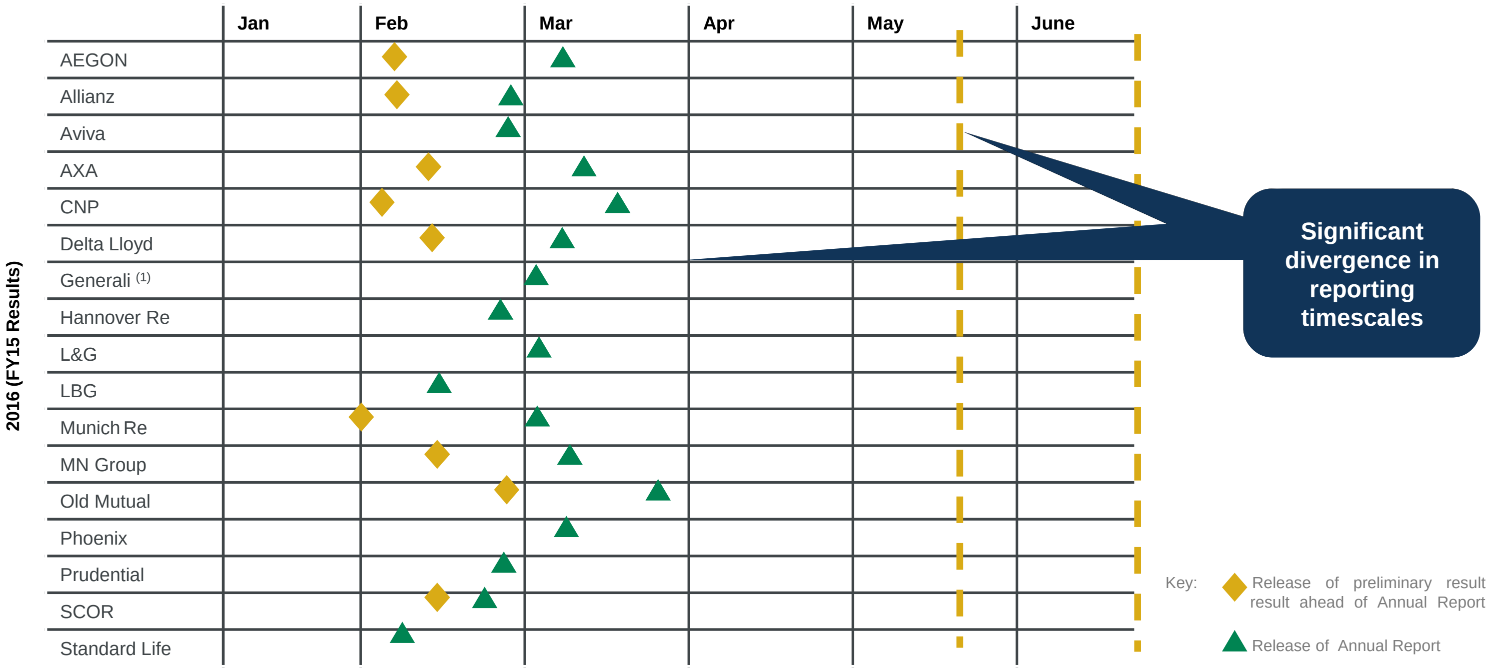
— Premium, claims and expenses by line of business

– A significant amount of quantitative information will be disclosed within the SFCR.
– The impact of transitional benefits, volatility adjustment and matching adjustment will be public for the first time.

Institute and Faculty of Actuaries

Solvency and financial condition report

SFCR timetable 2017



- SFCR is only made publically available several months after the release of the preliminary results or Annual Report in 2017.
- Careful positioning and explanation is needed if Solvency II results in voluntary disclosures will be different to SFCR.

Institute and Faculty of Actuaries

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.

Institute and Faculty of Actuaries