

# Solvency II Directive vs. US Solvency Regulation

Casualty Actuaries in Reinsurance  
Seminar 2012



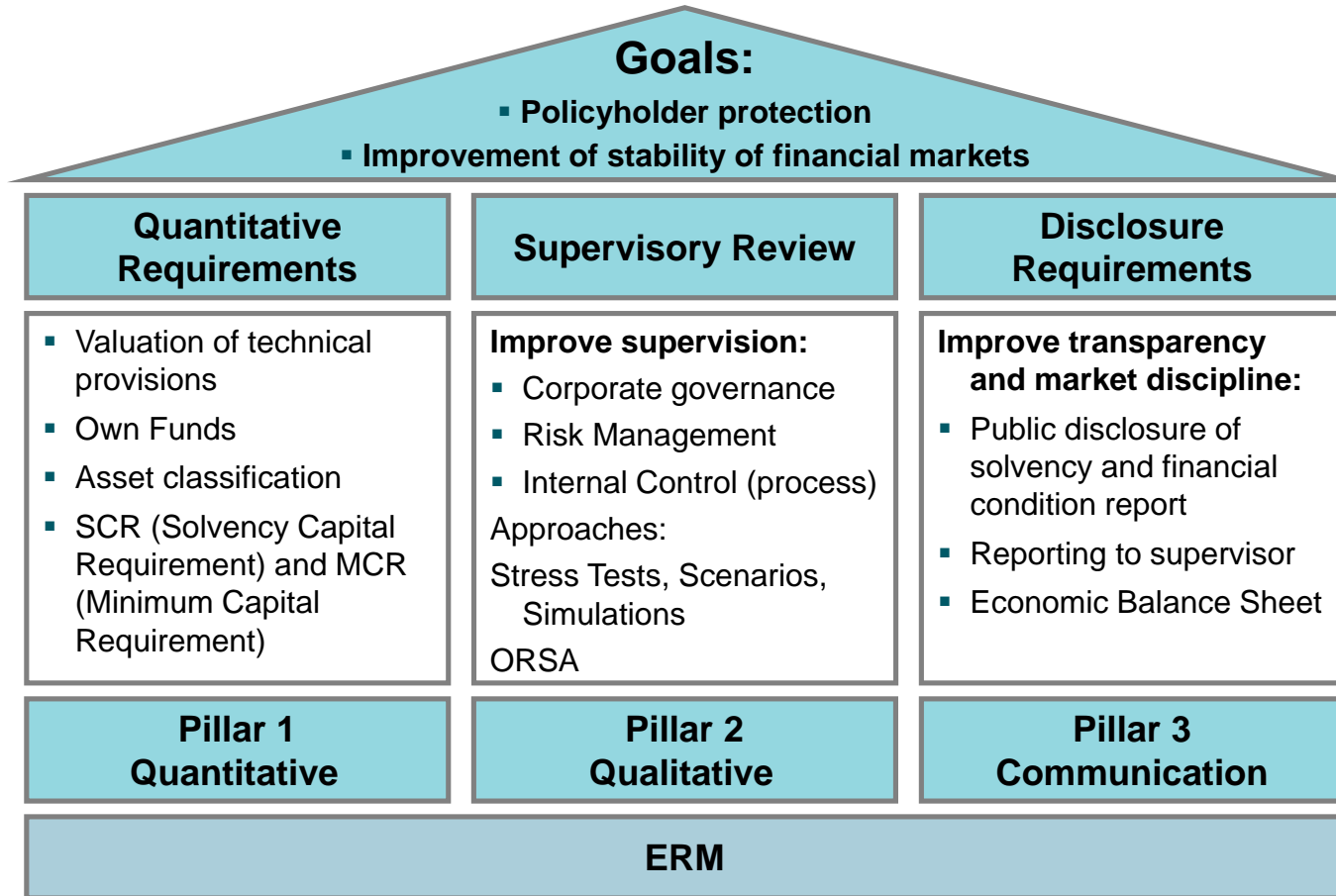
Sarah Krutov, SCOR



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## Solvency II – The Three Pillars



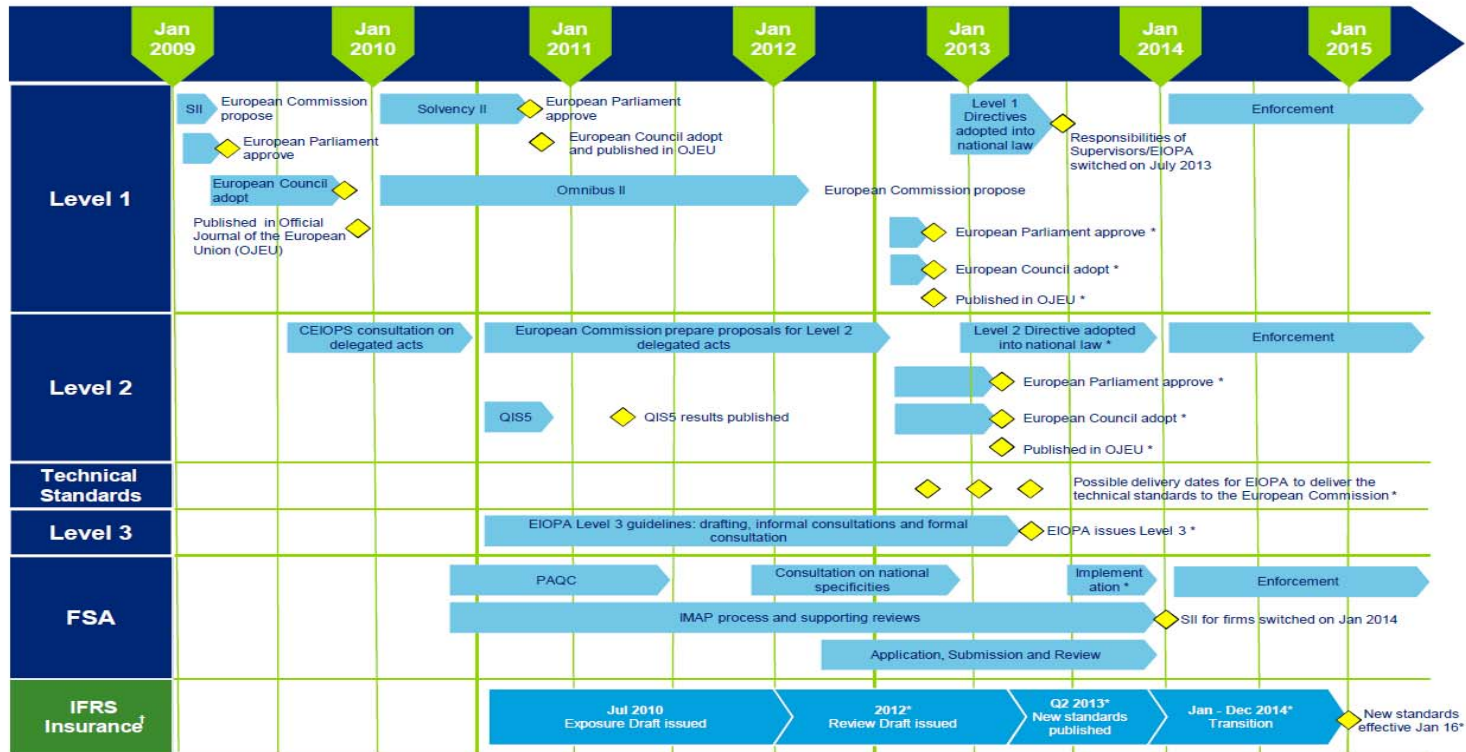
## NAIC Solvency Regulation

- Statutory accounting + principles-based ERM at Group/Entity level + risk-focused examination

Quantitative Requirements	Qualitative Requirements	Disclosure Requirements
<ul style="list-style-type: none"> <li>▪ Statutory reserve valuation</li> <li>▪ Statutory asset valuation</li> <li>▪ Statutory Accounting</li> <li>▪ Asset classification</li> <li>▪ RBC</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risk-focused + examination</li> <li>▪ Corporate governance</li> <li>▪ Model Audit Rule</li> <li>▪ ORSA process               <ul style="list-style-type: none"> <li>▪ ERM framework</li> <li>▪ Risk Assessment</li> <li>▪ Prospective capital assessment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Statutory financial statements in public domain</li> <li>▪ Standard disclosures in public domain</li> <li>▪ ORSA reporting</li> </ul>

# Solvency II: From Proposal To Implementation

**Provisional timeline:**  
Solvency II and IFRS Insurance<sup>†</sup> implementation



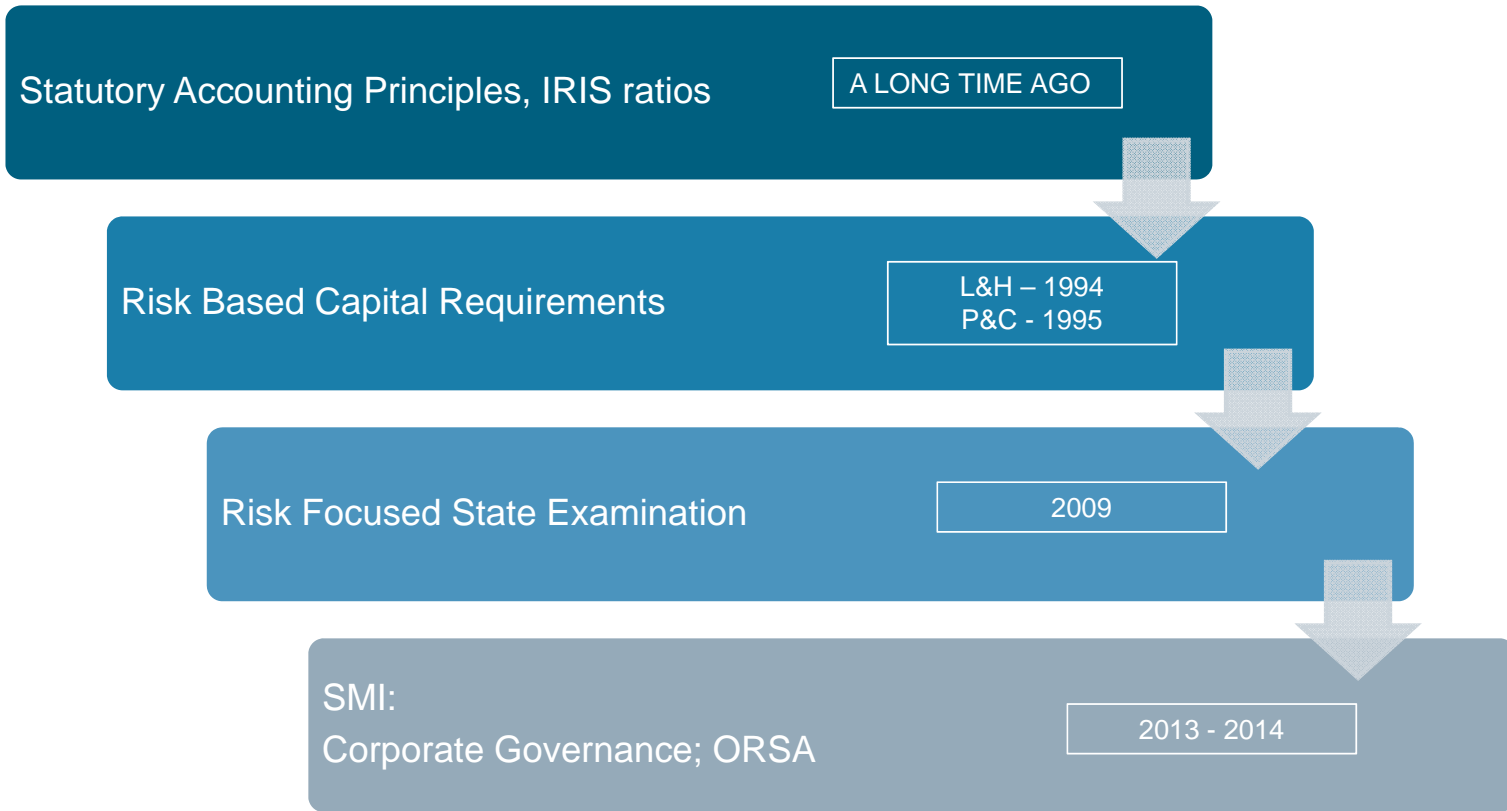
<sup>†</sup>IFRS 4 Phase II; IFRS 9 Phases I, II and III; Leases; and Revenues

\* Deloitte view as dates are not finalised

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## US Solvency Regulation Timeline



## Solvency II vs. NAIC

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- ❑ A lot more in common than some may think.
- ❑ S2 Pillar 2 is virtually incorporated in the NAIC framework, although NAIC language is less prescriptive than the Directive.
- ❑ Main differences are
  - accounting conventions
  - use of **pre-approved** internal model as means to support capital requirements.