



CASUALTY ACTUARIAL SOCIETY

CARE SEMINAR ON REINSURANCE >

2015 SEMINAR ON REINSURANCE
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Executive Summary	Risk Management Framework (Section #1)	Company's Assessment of Risk (Section #2)	Assessment of Risk Capital (Section #3)	Insights From the Regulators
<u>\$100</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>
<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>
<u>\$300</u>	<u>\$300</u>	<u>\$300</u>	<u>\$300</u>	<u>\$300</u>
<u>\$400</u>	<u>\$400</u>	<u>\$400</u>	<u>\$400</u>	<u>\$400</u>
<u>\$500</u>	<u>\$500</u>	<u>\$500</u>	<u>\$500</u>	<u>\$500</u>

ORSA

JEOPARDY!

FINAL

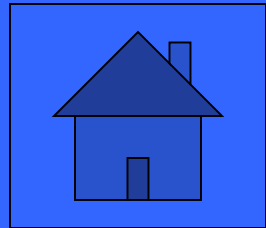
JEOPARDY!

This concept can help demonstrate the effectiveness of ERM/ORSA and show how management is involved.

Executive Summary- \$100

What is Business Management Integration (BMI)?

Executive Summary - \$100

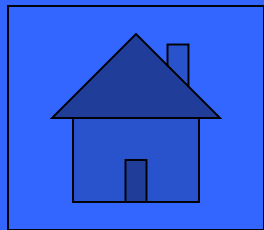


Description of your organization, including ownership, legal entity org. chart, distribution strategy, value proposition, mission, etc.

Executive Summary- \$200

What are things that you
might include in the
Executive Summary of
ORSA?

Executive Summary- \$200

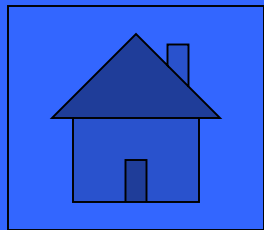


These forecasts/projected rating agency and regulatory scores/assessments might be used as a proxy for economic capital and solvency .

Executive Summary - \$300

What is BCAR and RBC?

Executive Summary- \$300

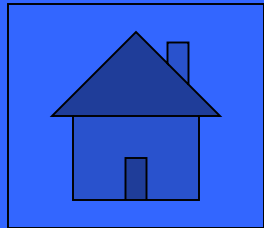


Regulation that is intended
to establish economically
efficient capitalization to
accomplish business
objectives.

Executive Summary - \$400

What is Own Risk and Solvency Assessment (ORSA)?

Executive Summary - \$400



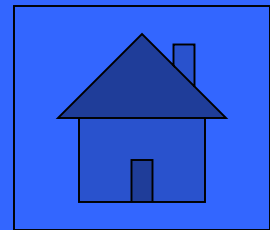
These are the two primary
goals of ORSA.

Executive Summary- \$500

What are:

- To foster an effective level of ERM at all insurers; and
- To provide a group level perspective on risk and capital?

Executive Summary - \$500

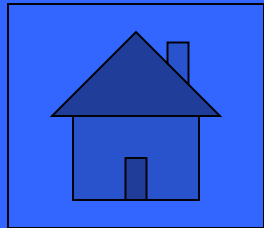


There can be four layers to
this – Strategy, Risk
Management Process,
Infrastructure & Culture

Section #1- \$100

What is the ERM/ORSA framework?

Section #1- \$100

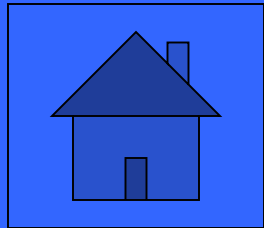


In corporate governance, this expression often explains the roles of the BOD and management, Internal Audit and Risk Management

Section #1 - \$200

What are the three (3)
lines of defense?

Section #1- \$200

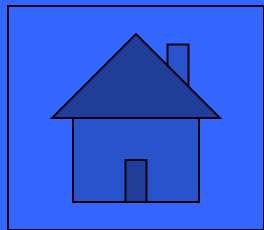


Risk Identification, Risk Assessment, Risk Mitigation, Risk Reporting and Risk Planning.

Section #1 - \$300

What are the components of Layer #2, the Risk Management Process?

Section #1- \$300

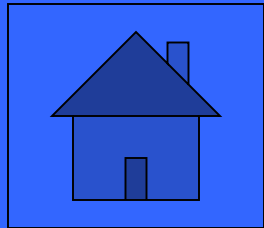


This tool is often used as a repository of risks and controls and can be used in creating a “heat map” of a company’s risk.

Section #1 - \$400

What is a Risk Register?

Section #1 - \$400



DOUBLE

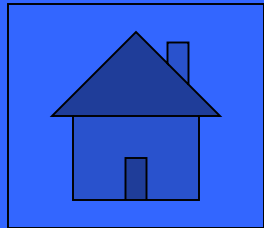
JEOPARDY!

They can be used to articulate the broad level of risk and the risk limit the BOD has authorized management to take.

Section #1- \$500

What are the BOD
approved risk appetite and
risk tolerance statements?

Section #1- \$500



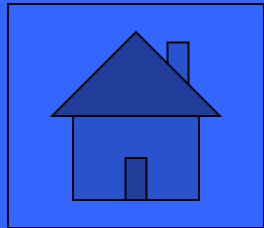
Charts that contain this information may be one way to present your company's assessment of risk and exposure.

Section #2- \$100

What are:

- Historical and prospective financial indicators (IS&BS)
- RBC, BCAR, CR, Income
- Results by line of business
- Market outlook/forecast
- Risk tolerance tests

Section #2- \$100

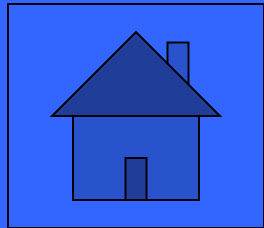


The number of years that
insurers should use in
their time horizon.

Section #2 - \$200

What is 1, 2, 3 or more
years?

Section #2 - \$200

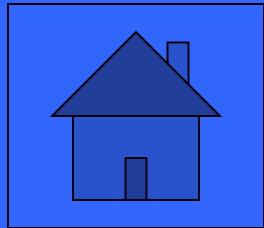


Projections for BCAR, RBC.

Section #2 - \$300

What metrics can be used as a proxy for future capital levels in satisfying projected solvency?

Section #2 - \$300

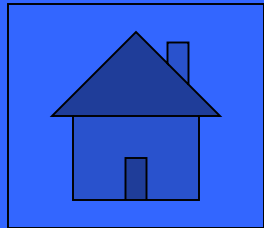


This metric arrays all simulated losses occurring during the given annual period and estimates the resulting GAAP impact on P&L for that annual period..

Section #2 - \$400

What is the Aggregate Curve test?

Section #2 - \$400

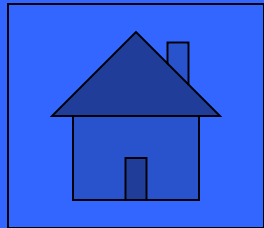


Extreme events including Katrina, Wilma, Andrew, **RDS**, interest rate and stock market volatility, AM Best downgrade can be used in satisfying this ORSA requirement.

Section # 2- \$500

What is stress & reverse stress testing?

Section #2- \$500

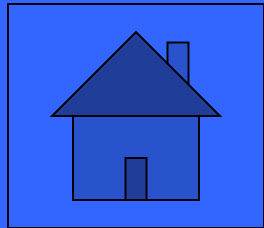


This phrase is used to describe any insurer's best approach for achieving ORSA.

Section #2 – BONUS!

What is Business Management Integration?

Section #2 – BONUS!

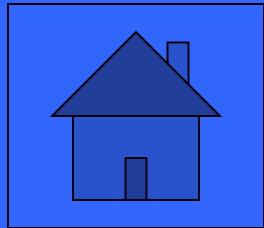


An Economic Capital
Model satisfies this test.

Section #2 – BONUS!

What is the Use Test?

Section #2 – BONUS!

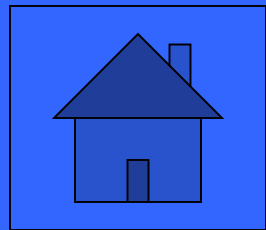


“Underwriting drives capital, not the other way around.”

Section #3 - \$100

What is one way to describe your company's use of capital or capital allocation?

Section # 3 - \$100

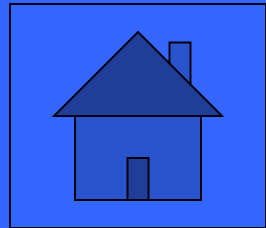


ORSA Summary Report is submitted to the lead regulator after the Board approval of the plan and management's, Risk Committee and Board's approval of ORSA.

Section #3- \$200

What is an ORSA Summary Report sign-off procedure?

Section #3 - \$200

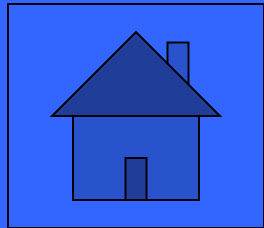


BCAR and/or RBC,
capital headroom above a
minimum level are
possible risk tolerance
tests.

Section #3 - \$300

These measures can be
used as a proxy for
determining economic
capital and solvency?

Section #3 - \$300

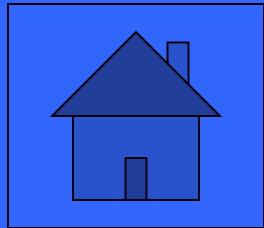


Planned improvements in
modeling of risks,
product evaluation,
territorial expansion and
de-risking of the
investment portfolio.

Section #3- \$400

What is the company's
plan for improving
Section #3 reporting?

Section #3 - \$400

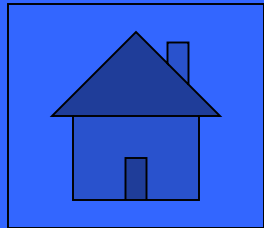


This methodology enables the
calculation and group
assessment of Risk Capital
and Prospective Solvency.

Section #3 - \$500

What are the
methodologies and results
of modeling the financial
forecast of the market?

Section #3 - \$500

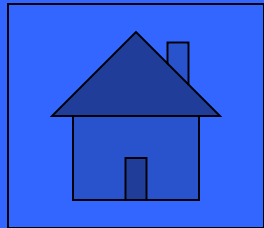


ORSA is new and
insurers are concerned
about the information
contained therein
remaining this way.

Insights From the Regulators - \$100

What is confidential or confidentiality?

Insights from the Regulators - \$100

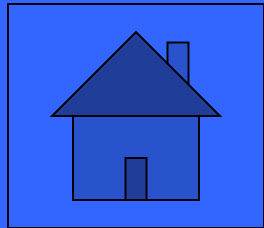


ORSA could make this
Form redundant or
obsolete.

Insights From the Regulators - \$200

What is the Enterprise Risk Reporting form or Form “F”?

Insights From the Regulators - \$200

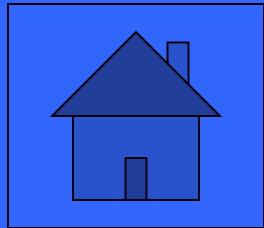


A phrase to describe the
early stages of
development in infants
can also be used to
describe the regulators
approach to ORSA.

Insights From the Regulators - \$300

What is crawl before you walk?

Insights From the Regulators - \$300

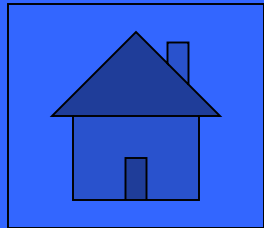


Many companies plan on using this period of time when completing ORSA.

Insights From the Regulators- \$400

What is a 1-year time horizon?

Insights From the Regulators- \$400

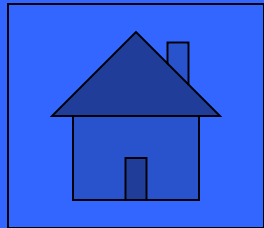


The ORSA Summary Report shall be used to supplement this regulatory process.

Insights From the Regulators - \$500

What is the financial examination process?

Insights From the Regulators- \$500



FINAL

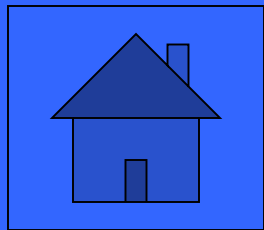
JEOPARDY!

The use of this tool will be viewed as a positive by some regulators while others will have no view at all.

FINAL JEOPARDY

What is an Economic Capital Model or “ECM”?

FINAL JEOPARDY



An incomplete or an
inconsistent ORSA Summary
Report could result in this.

FINAL JEOPARDY

What is a targeted financial
examination?

FINAL JEOPARDY

