

**CHARTIS**

May 16<sup>th</sup>, 2011

**Own Risk and Solvency Assessment**  
 CAS Spring Meeting  
 Alessa Quane - Moderator

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**Definition**

**Own Risk and Solvency Self Assessment**

- Process to demonstrate "sound and prudent management of the business" and assess overall solvency needs
- Should assess whether the firm's risk management and solvency position is currently adequate and likely to remain so in the future.

ORSA is a powerful tool emphasizing risk management as the mechanism by which the board satisfies itself that it has a process for managing risks to the business strategy and that the process works in practice.

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**ORSA should encompass all reasonably foreseeable material risks including at a minimum**

- Underwriting and Reserving
- Asset-Liability matching
- Investments
- Liquidity and concentration risks
- Operational
- Reinsurance and other risk mitigation techniques

Consideration should be for both internal and external factors that could impact the ability to meet policyholder obligations.

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## Principles Underlying ORSA



- Responsibility of insurer and should be regularly reviewed and approved by senior management
- Should encompass all material risks that may affect the insurer's ability to meet its obligations
- Should be based on adequate measurement and assessment process and form an integral part of management's decision making framework
- Should be forward looking taking into account business plans
- Should be appropriately evidenced, internally documented and independently assessed
- Should be based on the scale and complexity of the firm
- Should incorporate a view at both the legal entity and group level

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Chartis is a world leading property-casualty and general insurance organization serving more than 40 million clients in over 160 countries and jurisdictions. With a 90 year history, one of the industry's most extensive ranges of products and services, deep claims expertise and excellent financial strength, Chartis enables its commercial and personal insurance clients alike to manage virtually any risk with confidence.

Chartis is the marketing name for the worldwide property-casualty and general insurance operations of Chartis, Inc. For additional information, please visit our website at [www.chartisinsurance.com](http://www.chartisinsurance.com).

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