



Experiences of a Reviewing Actuary

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30 March 2017

Scope of the Peer Review

Application: all High, Medium High and Medium Low Impact Solvency II undertakings

Timing:

- High – at least every 2 years
- Medium High - at least every 3 years
- Medium Low - at least every 5 years

Covering:

- Technical Provisions and related:
 - AOTPs
 - ARTPs

Other areas?

- SCR
- Opinion on underwriting
- Opinion on reinsurance
- Opinion on ORSA
- Overall process

External Audit vs Peer Review?

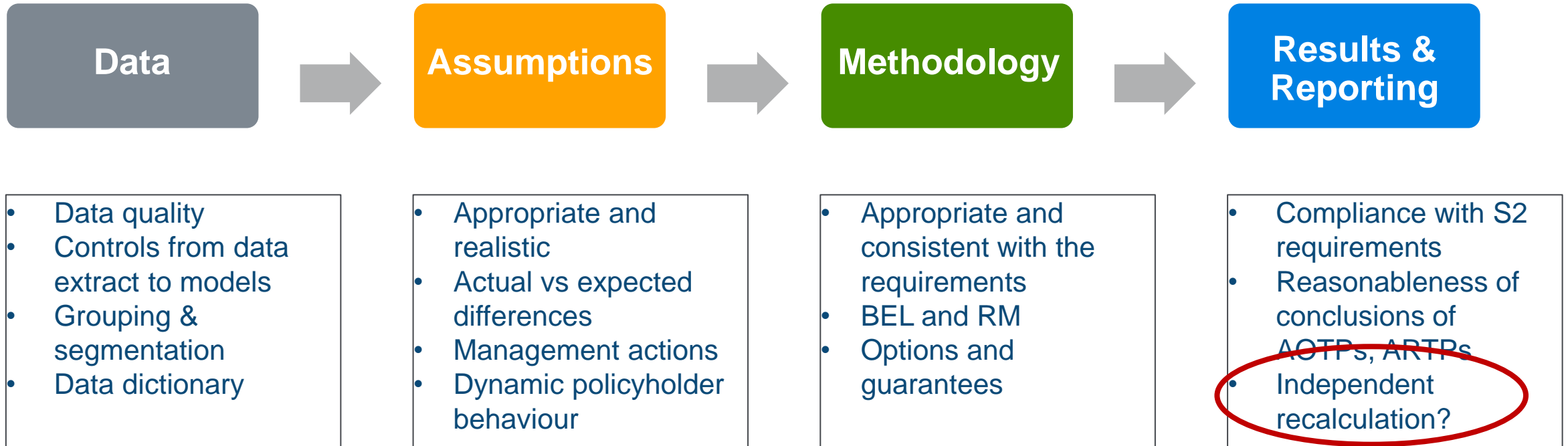
■ External Audit

- Provides a **reasonable assurance opinion** on whether the specified elements of the SFCR have been properly prepared, in all material respects, **in accordance with the Solvency II regulations**

■ Peer Review

- Provides an **independent view of the TPs**
- Much more detailed review
- Some calculations likely
- Review of assumptions, methodology and opinion on results
- Uncertainties and key judgements
- Not just asking “Are you compliant?” but also “Have you used appropriate methodology and assumptions?”

Areas of review



Other areas: significant LoBs; material sensitivities; material uncertainties; expert judgements

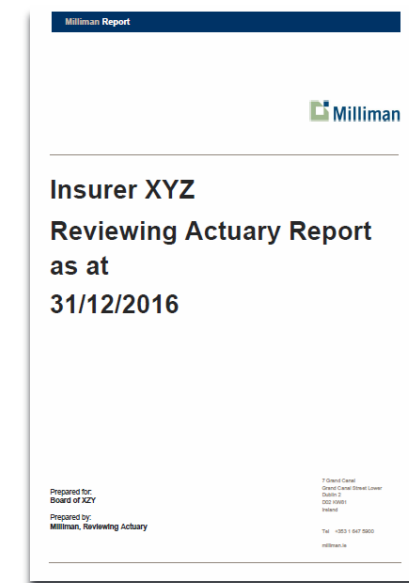
Expert judgements

- Delegated Regs. Art 2: “...assumptions shall be based on the expertise of persons with relevant knowledge, experience and understanding of the risks inherent in the insurance or reinsurance business.” “...ensure that internal users of the relevant assumptions are informed about their relevant content, their degree of reliability and their limitations.”
- Consider:
 - Materiality
 - Governance
 - Communication and uncertainty
 - Documentation
 - Validation

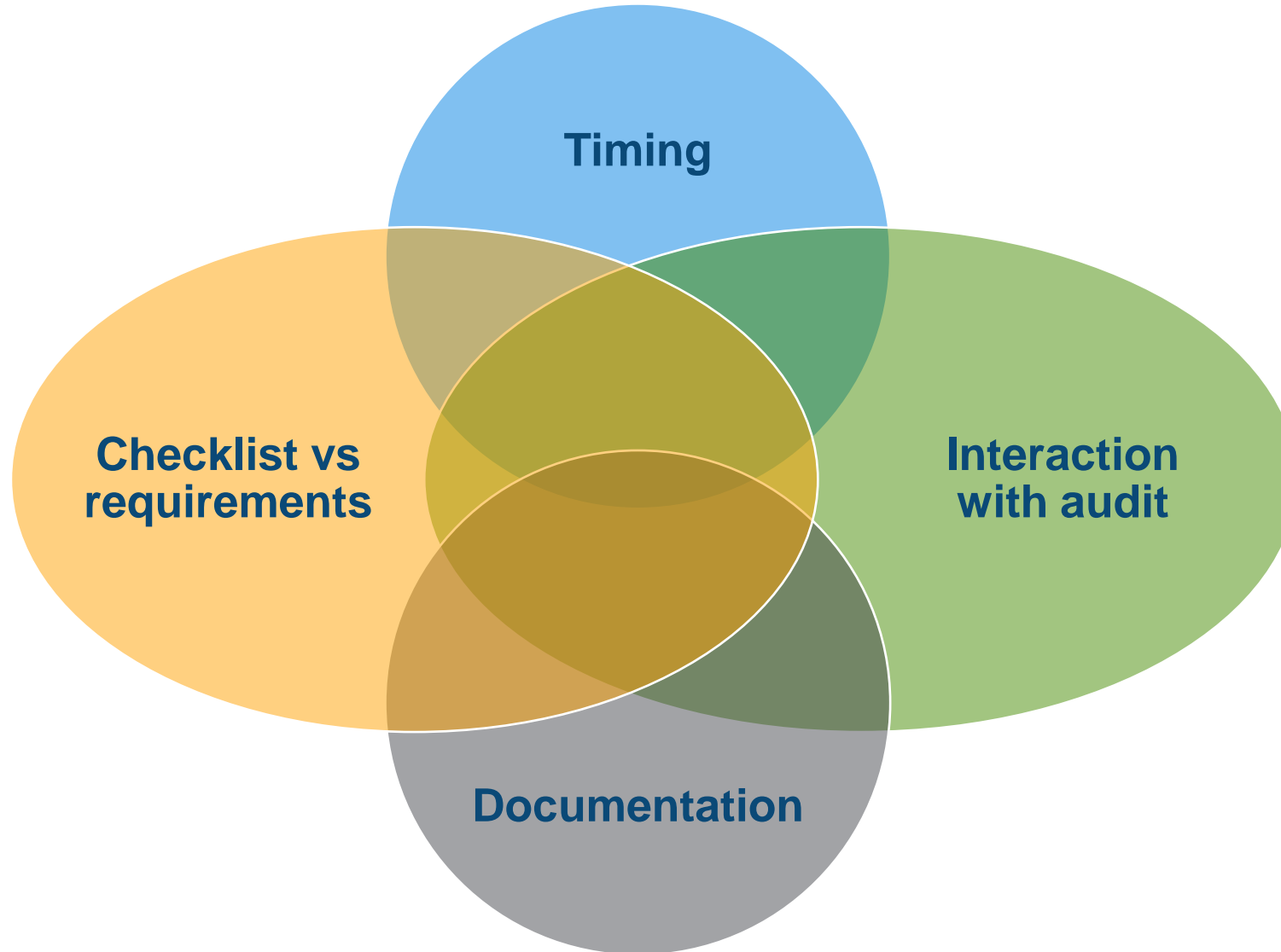


Peer Review Report

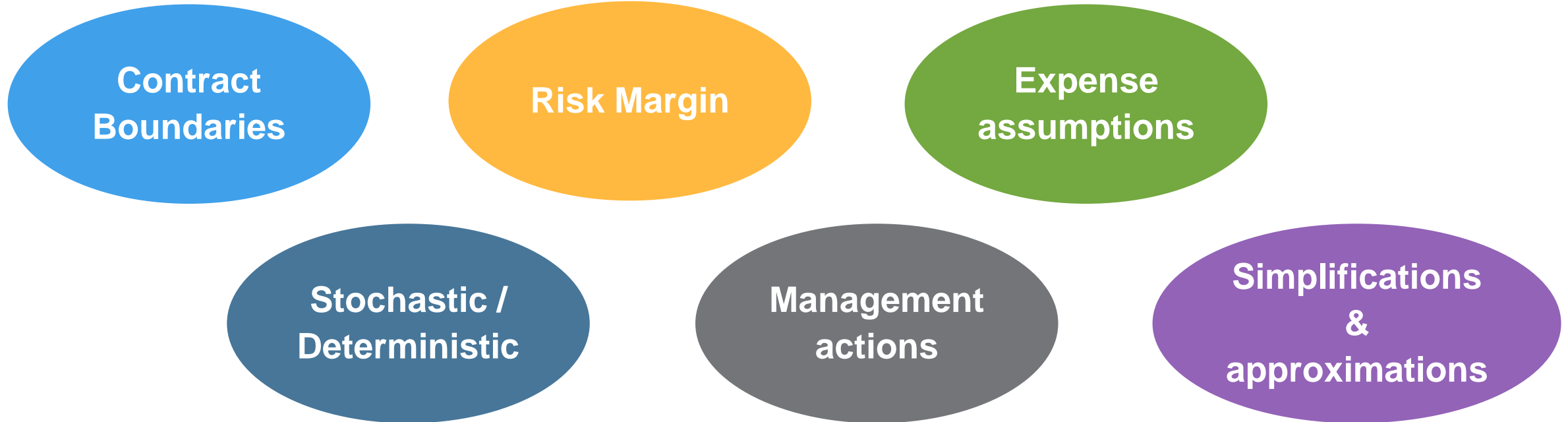
- Report to the Board covering:
 - **Independent view of the TPs** and the approach taken by the HoAF in reaching his/her opinion on them
 - **Work done** and **process** followed
 - Commentary on **appropriateness of the assumptions, methodology** and main **uncertainties** in the TPs
- Provided to the Board within 1 month of the Board receipt of the related ARTPs, and to the CBI on request.
- Board considers the results of the report and, where necessary, takes appropriate action.
- Board notifies the CBI highlighting any material issues and action plan.



Practical considerations



Some areas of judgement & interpretation



Emerging market practice and regulatory interpretation

Provides reassurance to...

Head of Actuarial Function

Internal Audit, Risk Management,
Compliance

Board



IT TAKES VISION

Thank you

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30 March 2017



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Principal

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