



IT TAKES VISION



2016 in Review

CBI activity

New Engagement Model

- Pro-active engagement
- Increased activity
- Address IMF recommendations on Observance of Standards and Codes
- Annual on-site inspections of 10% of low impact firms
- For an additional 10% of firms:
 - On-site quarterly targeted reviews
 - Annual off-site reviews on a specific topic selected each year

Thematic reviews

- Review of 2015 FLAOR Submissions from cross-border Life Undertakings
- Review of cross-border sales
- Review of health insurance renewal process
- Review consistency of life insurance pricing and SII best estimate assumptions
- Annuity Sales process review (domestic undertakings)
- Governance and risk-management frameworks
- Reinsurance and other risk mitigating techniques
- Motor industry claims review
- Motor Insurance Pricing Oversight & Governance
- Product Governance and Market Risk (VA providers)

Surveys / Letters / Questionnaires

- Thematic questionnaire aimed at cross-border firms
 - Liquidity/capital/credit/operational risk/product oversight
- IT and Cyber risk survey
- EIOPA review of market conduct (incentives/remuneration on unit linked funds)
- Letter to companies on asset look-through
- Survey on External Credit Ratings Information under Solvency II

Targeted Risk Assessments

- Review of SII Standard Formula Appropriateness, SCR calculation and Own Solvency Needs Assessment
- Review of company governance
- Liquidity review
- Annual and quarterly return processes
- Full Risk Assessment (some undertakings)

High-level findings: Common themes

- Outsourcing
 - Generally not fully compliant with SII requirements
 - Mainly concerned with outsourcing to other entities in the group
- Risk management
 - Policies and risk appetite statement inadequately detailed
- ORSA
 - Identified risks not subject to adequate stress & scenario testing as part of OSN assessment
- Compliance
 - Boards of low impact (re)insurers should review compliance with Solvency II and take appropriate corrective action

Next year?

- Latest industry briefing gives good overview

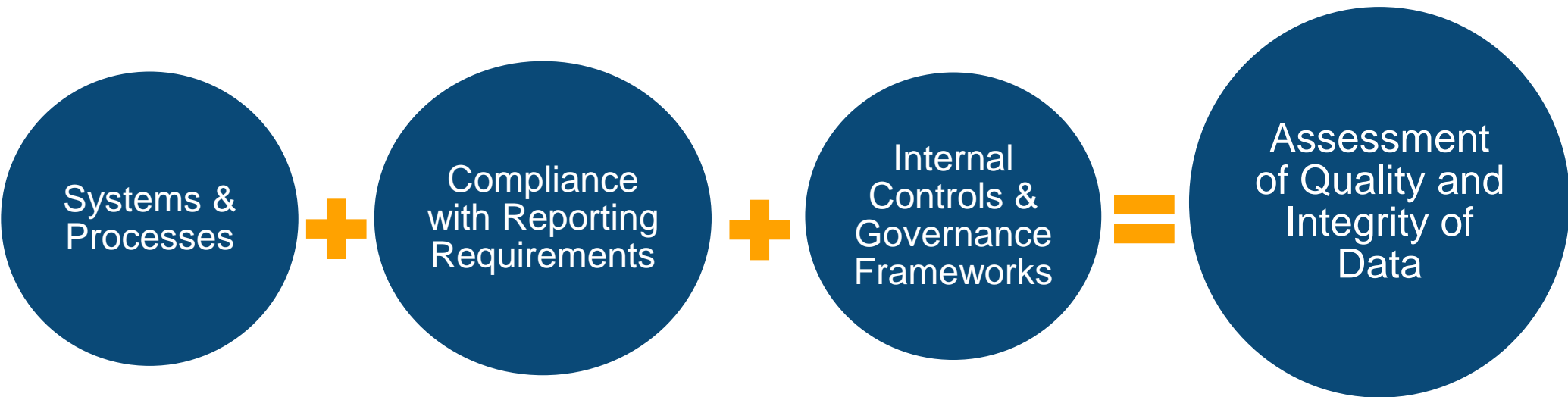
- Capital
 - SCR
 - Peer review
 - Internal models

- Governance & Risk Management
 - ORSA: Stresses & Scenarios
 - Risk Management Frameworks
 - Internal Audit

- IT & Cyber Risks

2017 Priorities

- Thematic Regulatory Reporting Review



Next year?

- Non-Life - focus on Strategy
- Less complex companies
 - Risk management policies
 - Risk appetite statements
 - Outsourcing agreements

Questions on Review Process

- Frequency of reviews
- Scope of reviews
- Process
- Resources



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Thank you