The ORSA implementation in Europe

Seminar on ORSA
30 April 2015, Mexico City
The Solvency II project

Implementation efforts by EIOPA and Member States

EIOPA’s Implementing Technical Standards and Guidelines

European Commission’s Delegated Regulation January 2015

“Governance of the risk appetite and management decisions”

- Role of senior management
- Forward looking perspective
- Promote risk management beyond regulatory capital requirements
Requirements of the ORSA

- Assessment of overall solvency needs
  - Quantitative & qualitative
  - Forward looking
  - Sufficiently wide range of stress test or scenario analyses
  - Different recognition & valuation basis possible

- Continuous compliance with capital requirements

- Deviations from assumptions underlying the SCR calculation of Standard Formula

- Internal and supervisory reporting
Preparing for the ORSA implementation in Europe

Prior rehearsals

Voluntary ORSA Exercise in some Member States

2012

Voluntary ORSA Exercise in some Member States

2013

Preparatory FLAOR/ORSA exercise

2014

Preparatory FLAOR/ORSA exercise

2015

‘Preparatory guidelines’ on forward looking assessment of risks

Implementation of SII

2016

Preparatory FLAOR/ORSA exercise

2017

Preparatory FLAOR/ORSA exercise

ORSA

ORSA
Preparatory phase (2014 -2015)

• EIOPA Guidelines

• Supervisory work shops with industry and on-sites
Overview of the assessments required under the ORSA

**Overall solvency needs**
- No threshold
- Valuation and recognition bases can differ
- Forward-looking perspective
- Starting 1.1.2014

**Continuous compliance with future capital requirements**
- Threshold during preparatory phase
- No pillar I requirements
- Starting 1.1.2015

**Deviations from assumptions underlying the SCR calculation in the SF**
- Threshold during preparatory phase
- Starting 1.1.2015
Key areas of attention in implementation

- Beyond regulatory capital compliance: overall solvency needs, scenario analysis, forward looking, multi-year projections.

- “Own” exercise: involvement of the AMSB.

- Preparedness from supervisors to analyse and provide individual feedback.

1 October 2012