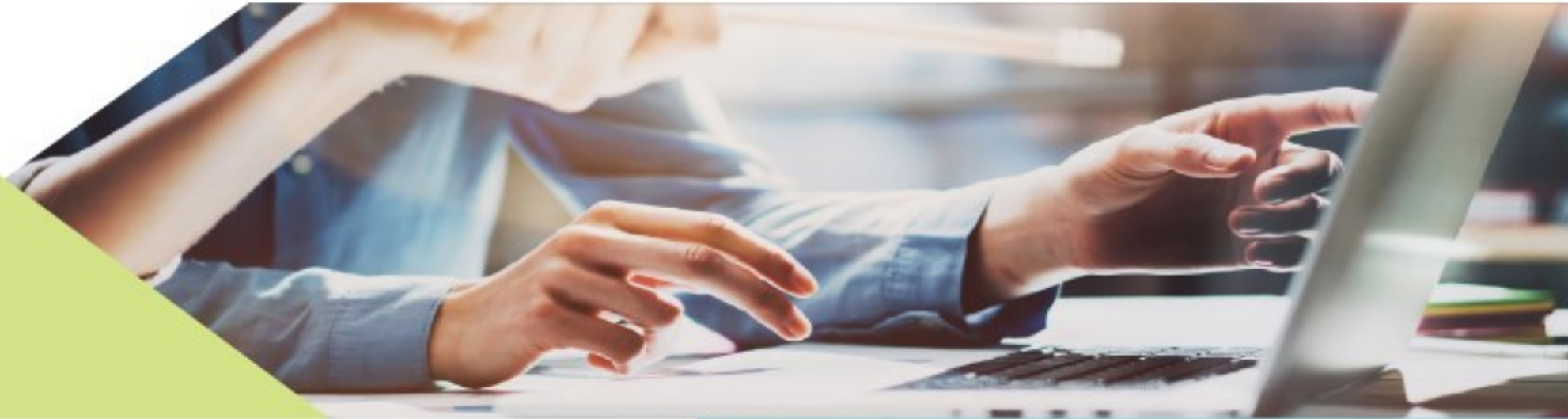




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Society of Actuaries in Ireland

Recovery Planning

26 January 2021

The views expressed in this presentation are those of the presenter(s) and not necessarily those of the Society of Actuaries in Ireland or their employers.



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- Desired Outcome – The Why
- Expectations of a good recovery plan – The What
- Link with Solvency II – The Where

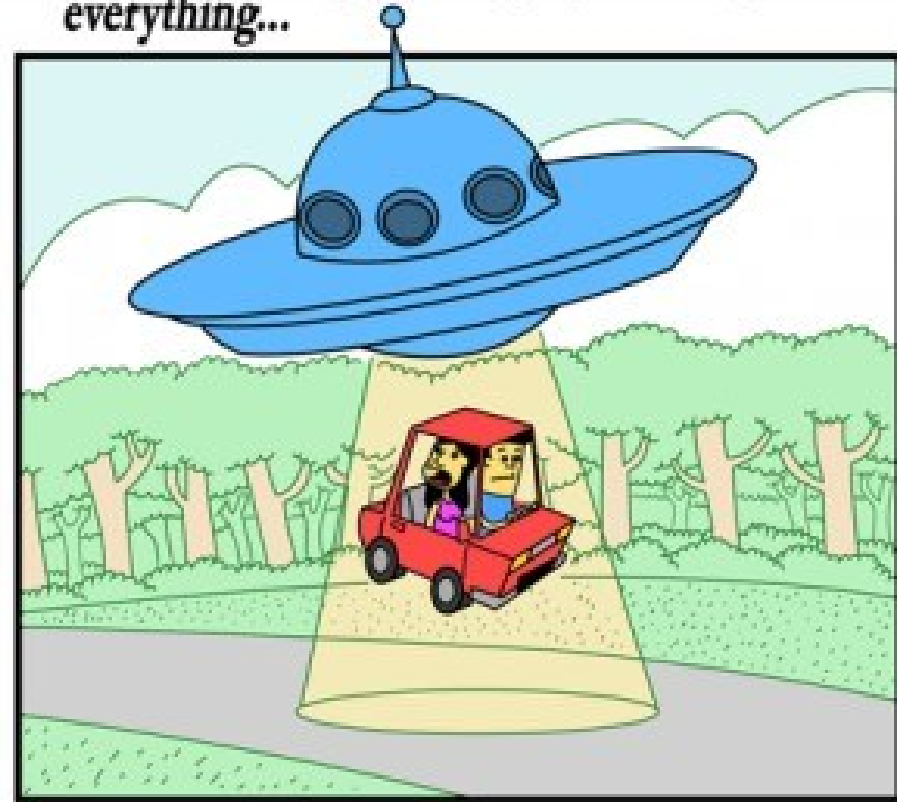


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Pre-emptive recovery planning is about being prepared – even for the unexpected.

And just when you thought you thought of everything...



“I knew we should have put alien abduction coverage on our policy!”



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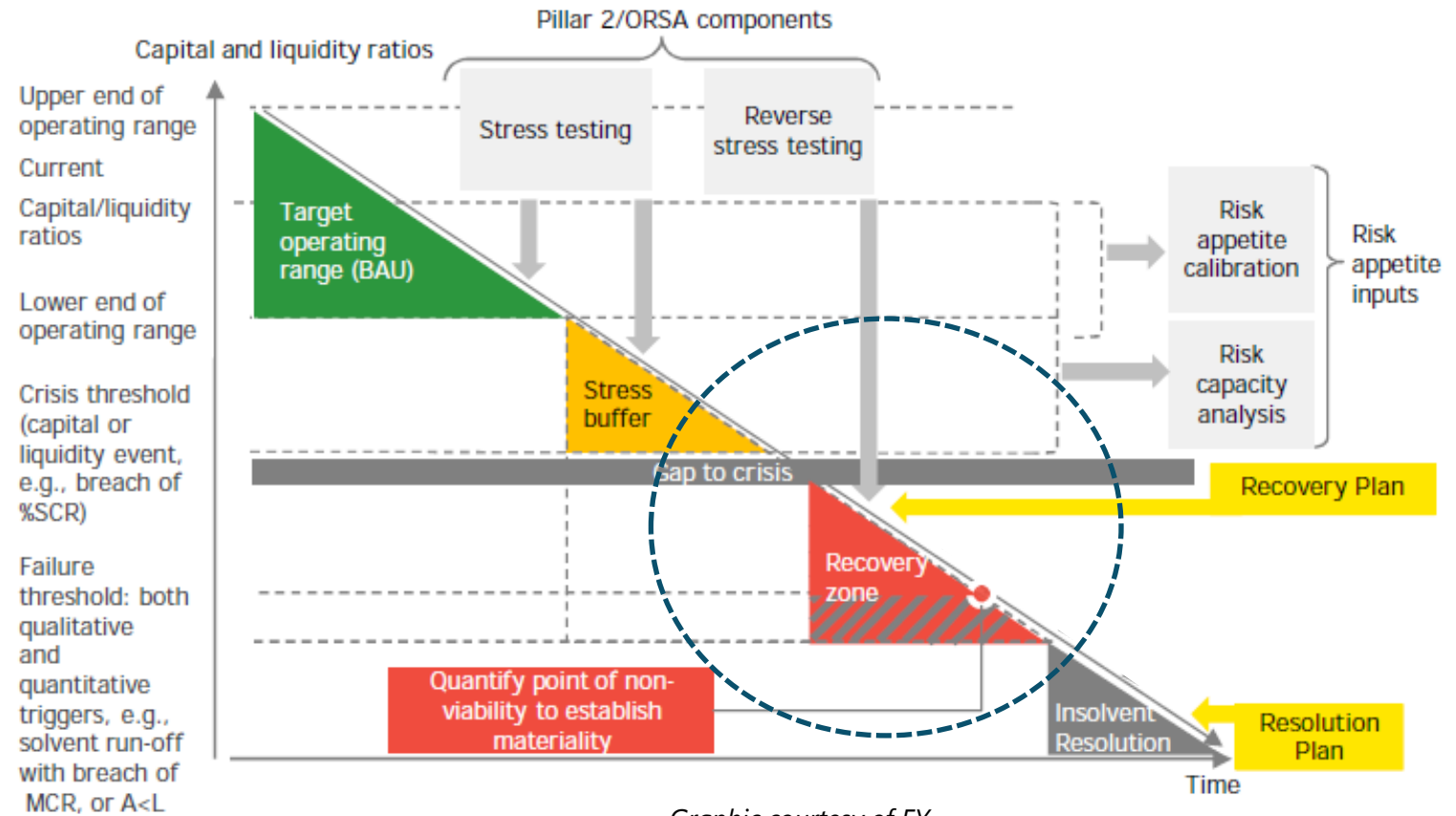
Structure is straight forward

Good or bad will reflect how relevant and proportionate each section of the recovery plan is to the specific circumstances of the insurer.

Quality of thinking is more important than quantity of words



Risk Management for success
v's
anticipating and avoiding failure.



Graphic courtesy of EY



Own Risk and Solvency Assessment:

Detailed projections and stress tests to determine appropriate capital buffers for business model and risk strategy

V's

Anticipating a severe stress and the potential actions available

Risk Appetite KRIs

Metrics for measuring and confirming compliance with stated risk appetite

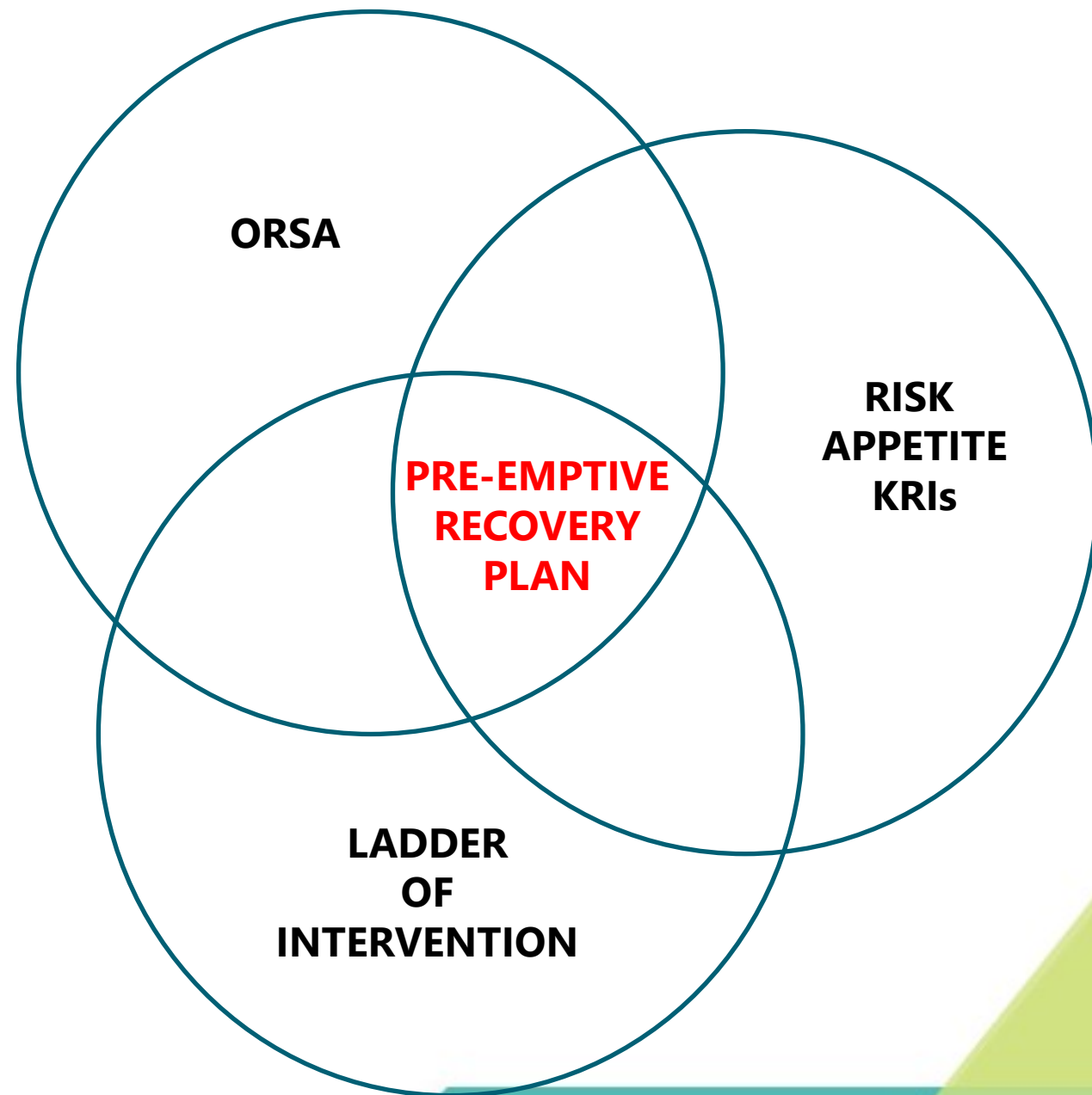
V's

Indicators of a deterioration in financial position

Ladder of Intervention

Ex-post recovery plan to remedy an actual or expected breach of SCR/MCR

V's



- Desired Outcome – The Why

Insurers are adequately prepared for severe adverse events

- Expectations of a good recovery plan – The What

Consistent structure applied in a relevant and proportionate way by each insurer

- Link with Solvency II – The Where

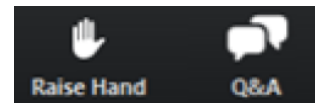
Aligned with existing processes but reflecting the differing objectives



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Please click on the 'Raise Hand' icon
to ask a question
and
wait to be unmuted
or
Use the Q&A function





CP131 – SAI Working Group – Members / Approach

Working group members involved in the CP131 response were:

- Billy Galavan (Chair), Mike Frazer, Viviana Pascoletti, Ciara Regan, Una McMenamin, Rory Coffey & Darragh McHugh (coverage across Life, Non-Life, ERM and Consultancy).

Feedback was routed through the Society's key practice committees and ultimately reviewed and approved for submission by Council.

Submission completed 30th October 2020. Follow up discussions with CBI to provide additional context.



CP131 – SAI Working Group – Key Feedback (1 / 2)

4 Key areas of feedback

1. Interaction with the ORSA and Risk Appetite.
 - Reverse stress testing and recovery options in ORSA;
 - Recovery indicators compared to Risk Appetite;
 - Consideration of strategy in RSR.
2. Level of detail and complexity required.
 - Proportionality;
 - Guidelines versus regulation;
 - Quantitative or qualitative?
3. Written confirmations on support from related parties.
4. Alignment with EIOPA developments.



CP131 – SAI Working Group – Key Feedback (2 / 2)

Other areas of feedback included:

- What might a formal Board assessment involve?
- Proportional focus on most impactful recovery options.
- New Business Closure – Recovery Option or Scenario?