



Society of Actuaries in Ireland

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# **Draft IAN LA1 - Actuaries involved in the ORSA Process**

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Working Party of Life Committee  
23 April 2014

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# Agenda

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- Introduction
- Background
- Main points of IAN
- Panel discussion and Questions

***Disclaimer:***

***The material, content and views in the following presentation are those of the presenter(s).***

## Working Party

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- Colin Murray
- Brian Morrissey
- John Coggins
- Yvonne Lynch



.....No “lans” on the WP.

# Background

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- What prompted this?
  - Role of Actuary in Solvency II
  - Recent experience
- Aim
  - To provide support to actuaries in SII

Not an ASP....

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# What is an IAN?

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- SoAI's view of good practice
- Intended to be helpful to actuaries and others, encourage thought
- Encouraged to use but need to consider
  - Suitability
  - Relevance
  - Sufficiency
- No obligation to perform work strictly according to note.
- Not a checklist
- Not a substitute for thinking



# Ways in which actuaries involved in ORSA....

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# Areas covered by the IAN

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Scope

Sensitivity and Scenario Testing

Identifying and quantifying risks outside SF

Identifying and quantifying risks where SF inappropriate

Challenging ORSA results

Reviewing risk management processes and internal model

Documentation

Examples

Traps



# Scope

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Define scope of work

Exclusions

Reliances

Deliverable

How work to be presented to other stakeholders

# Sensitivity & Scenario Testing

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Inspired by ASP-LA2

Risk concentrations

Events not in recent past

Non linearity in outcomes

Emerging risks

Sensitivity of balance sheet

Watching biases

Management actions

# Identifying and quantifying risks outside SF

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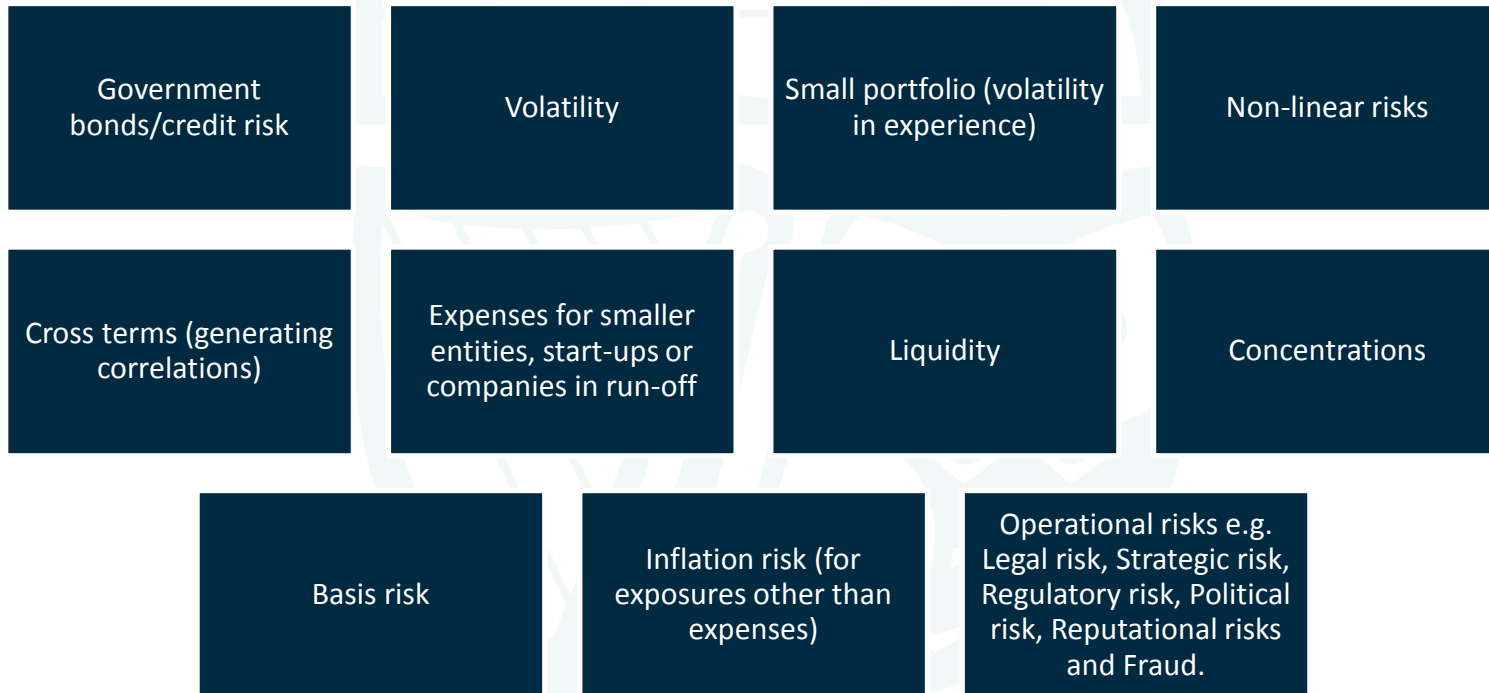


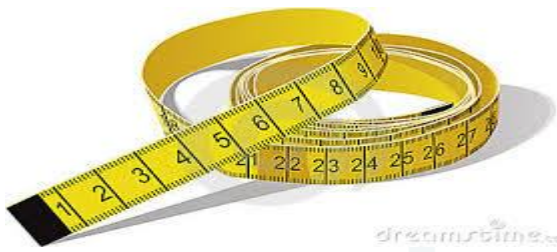
Consider asset liability profile

Risk register and risk appetite

Historic sources of variance

# Examples





## Identifying and quantifying risks where SF inappropriate

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Comparing risk  
profile versus  
standard  
formula

Aware of SF  
calibration

# Challenging ORSA results



# Reviewing risk management processes and internal model

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Sufficiently  
competent

Agree scope  
of work and  
output

Interaction  
between risk  
management  
processes  
and design of  
internal  
model

# Documentation

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Actuaries love it!

Document work performed and pass to User

Specified minimum content

Should also be included in AF report (if appropriate)



## Summary/Next Steps

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- IAN intended to be helpful and supportive to actuaries
- Not an ASP
- Consultation
- Consider member feedback
- Issue note

# Panel Discussion

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