



Society of Actuaries in Ireland

PPO Workshop

14 October 2015

Disclaimer

The views expressed in this presentation are those of the presenters and not necessarily of the Society of Actuaries in Ireland

Introduction Slide

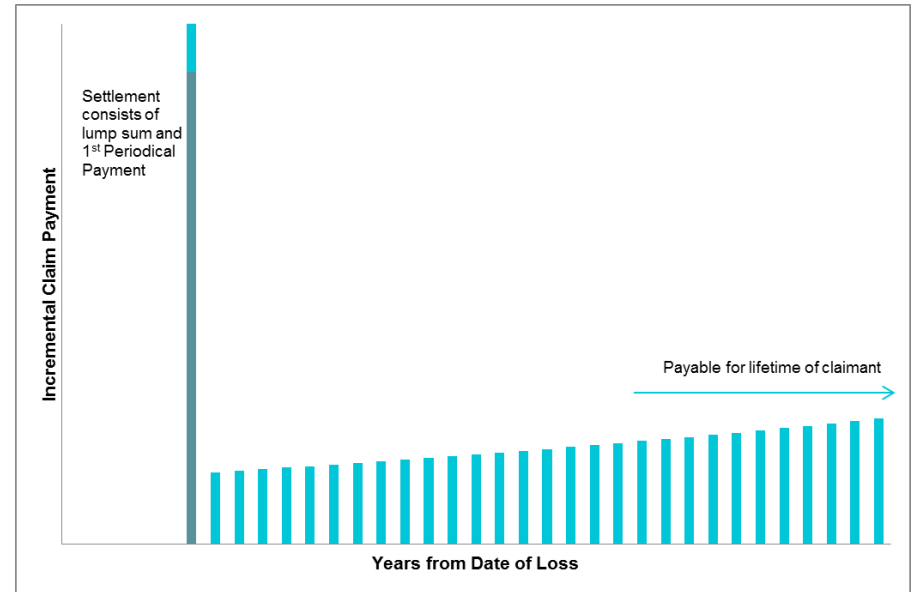
- Introduction
- Group discussions
- Wrap-up Q&A





What it looks like

- The PPO is defined at settlement except for:
 - Actual level of annual escalation
 - Individual claimant's mortality
 - Any future change in index to be applied
- Stepped payments can be awarded for foreseeable changes in a claimant's care needs but must be defined at settlement
- Only care and medical costs can be compensated through the annual payment. Other heads of damage must be included in lump sum settlement.





Discussion Topic 1 (10 minutes)

- What are the potential changes required in the claims environment?
- Things to think about
 - System impact
 - Process impact, for example, who will complete the annual check that claimants are alive?
 - Case estimation/valuation impact



Discussion Topic 2 (10 minutes)

- What are the potential changes required in investments?
- Things to think about
 - Prudent Person Principle
 - Documentation impact – Asset Liability management policy, Investment risk management policy, Liquidity risk management policy, Capital Management policy
 - Duration mismatch impact on SCR (and risk margin)



Discussion Topic 3 (10 minutes)

- What is the impact on Accounting?
- Things to think about
 - Assumptions and Methodology
 - Propensity to claim and link to age and type of injury
 - Open v settled claim, cashflow projection, mortality
 - Solvency I
 - Are there any further issues to consider beyond current approach?
 - Solvency II
 - Standard Formula v Internal Model, how will the PPO element of SCR impact Risk Margin
 - EIOPA discount rate v actual investment yield
 - TP impact - Events Not In Data ENIDs
 - PIII impact – both life and non-life QRT's for completion
 - Statutory basis/IFRS basis/Group reporting basis



Discussion Topic 4 (10 minutes)

- What is the impact on Risk mitigation strategies?
Reinsurance or annuity purchase or other ideas
- Things to think about
 - Reinsurance clauses and understanding of current contracts
 - Reinsurance credit risk
 - Inflation and deductible creep
 - Gross v Net reserves



Discussion Topic 5 (10 minutes)

- What is the impact on Data?
- Things to think about
 - Claims system capabilities
 - What are the options?
 - Remove claim entirely from data
 - Capitalise at the date of settlement but on what basis
 - Impact on Large Loss pricing and reserving



- Q&A