



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

Supervisory Capacity Building: Actuarial services  
Prudential supervision and risk management in insurance

## 1.3 Case Study

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# Agenda

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- ▶ Groups
- ▶ Background
- ▶ Task
- ▶ Process
- ▶ Reporting
- ▶ Information

# Background

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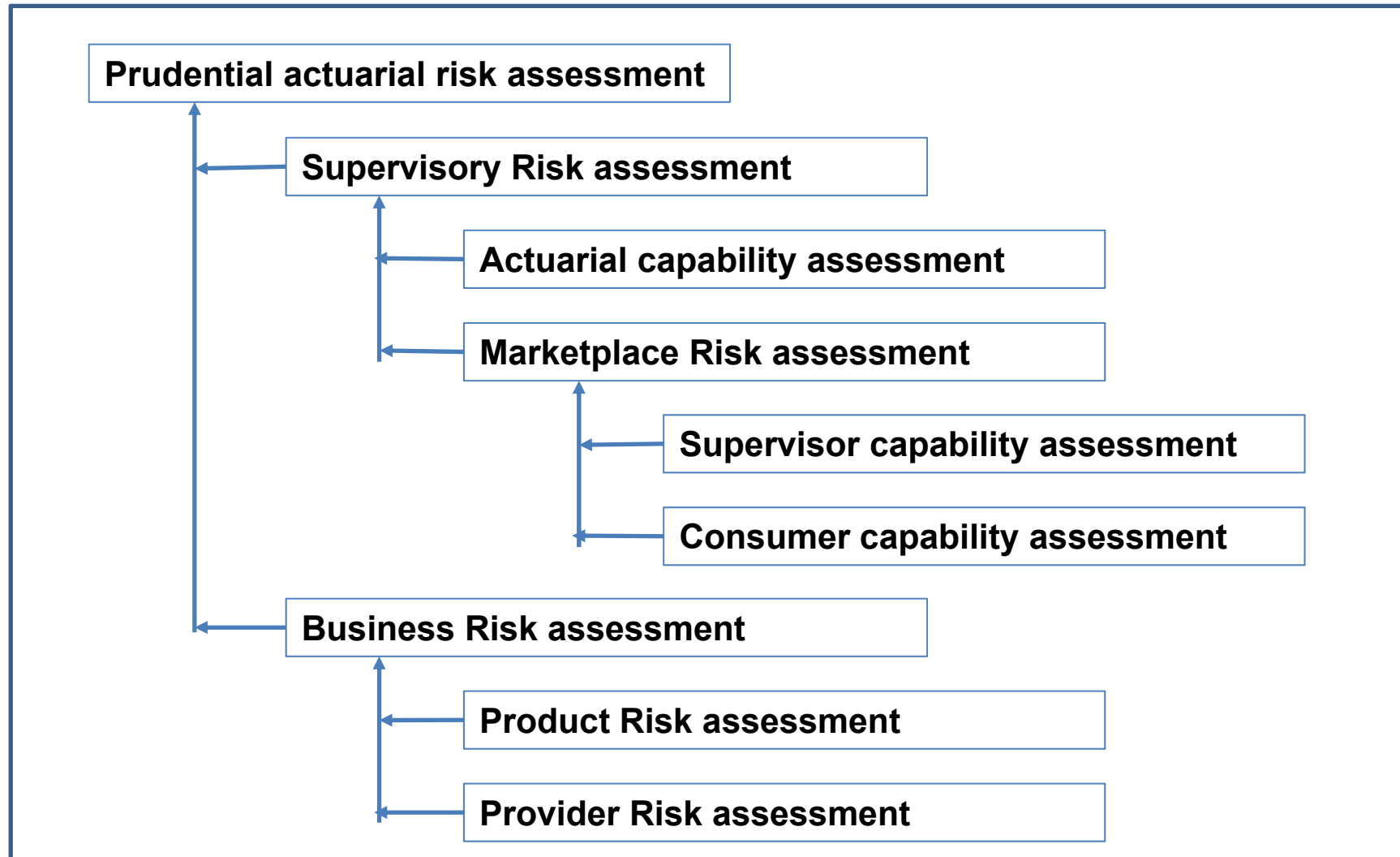
- ▶ Runs ‘behind’ rest of program
  - Hypothetical
  - Opportunity to apply learnings from Program
  - Not ‘yes/no exercise’. Journey is the key
- ▶ Not all data you might want will be available
  - You will have to make (and support) reasonable assumptions and apply your professional judgement
- ▶ For reasons external to your agency
  - Outcome from this project is the subject of a lot of public interest
  - Your Chair is determined to show the agency acts in an independent, unbiased, professional and transparent manner.

# Task

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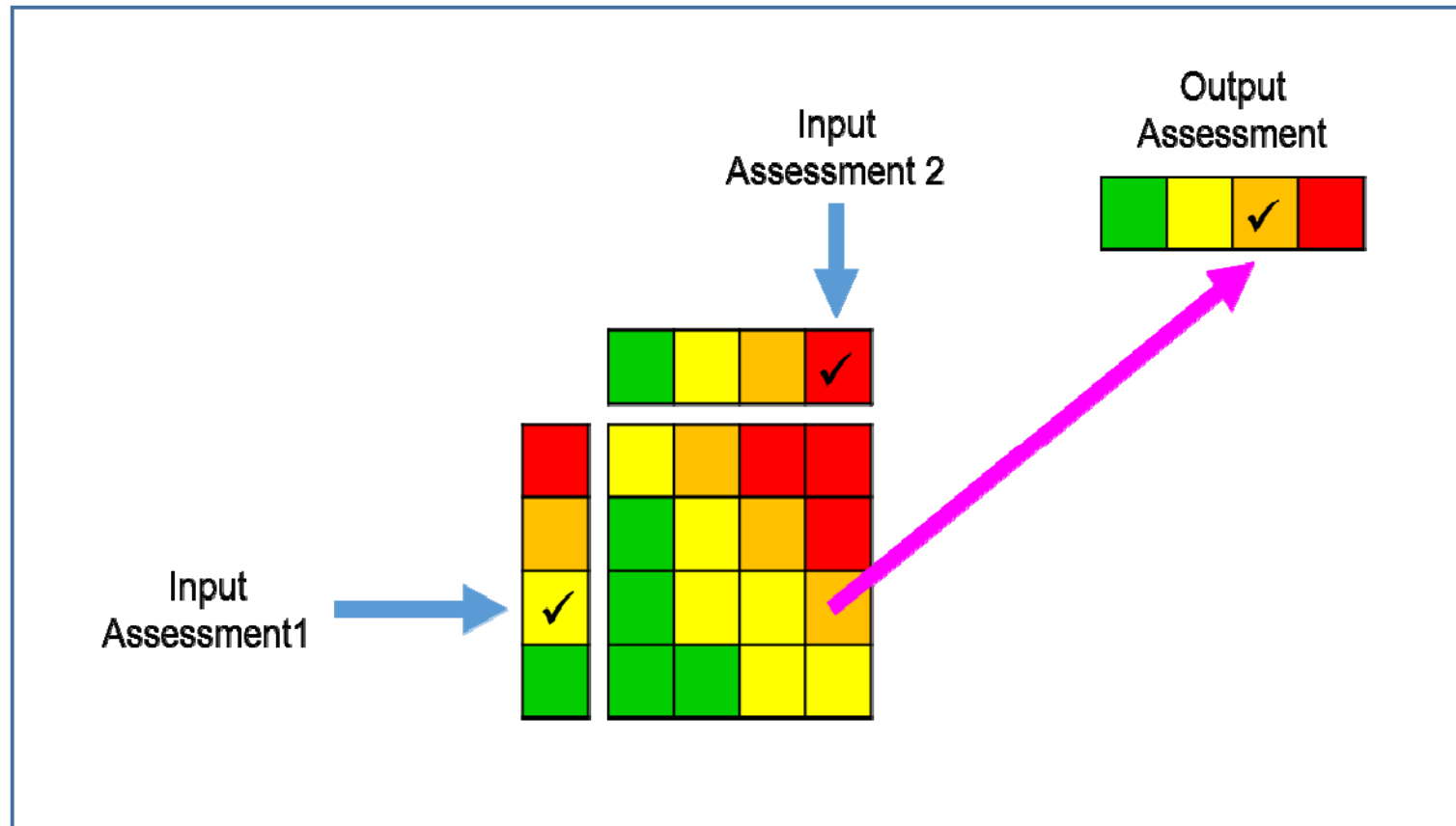
- ▶ You have been asked by Chairperson of your supervisory agency to support the assessment of a new product proposed by an insurer.
- ▶ You are to examine the actuarial component of a prudential assessment.
  - Other teams in your agency will examine other aspects
  - All assessments will be brought together for an overall assessment and decision by a senior team in your agency.

# Prudential actuarial risk - components

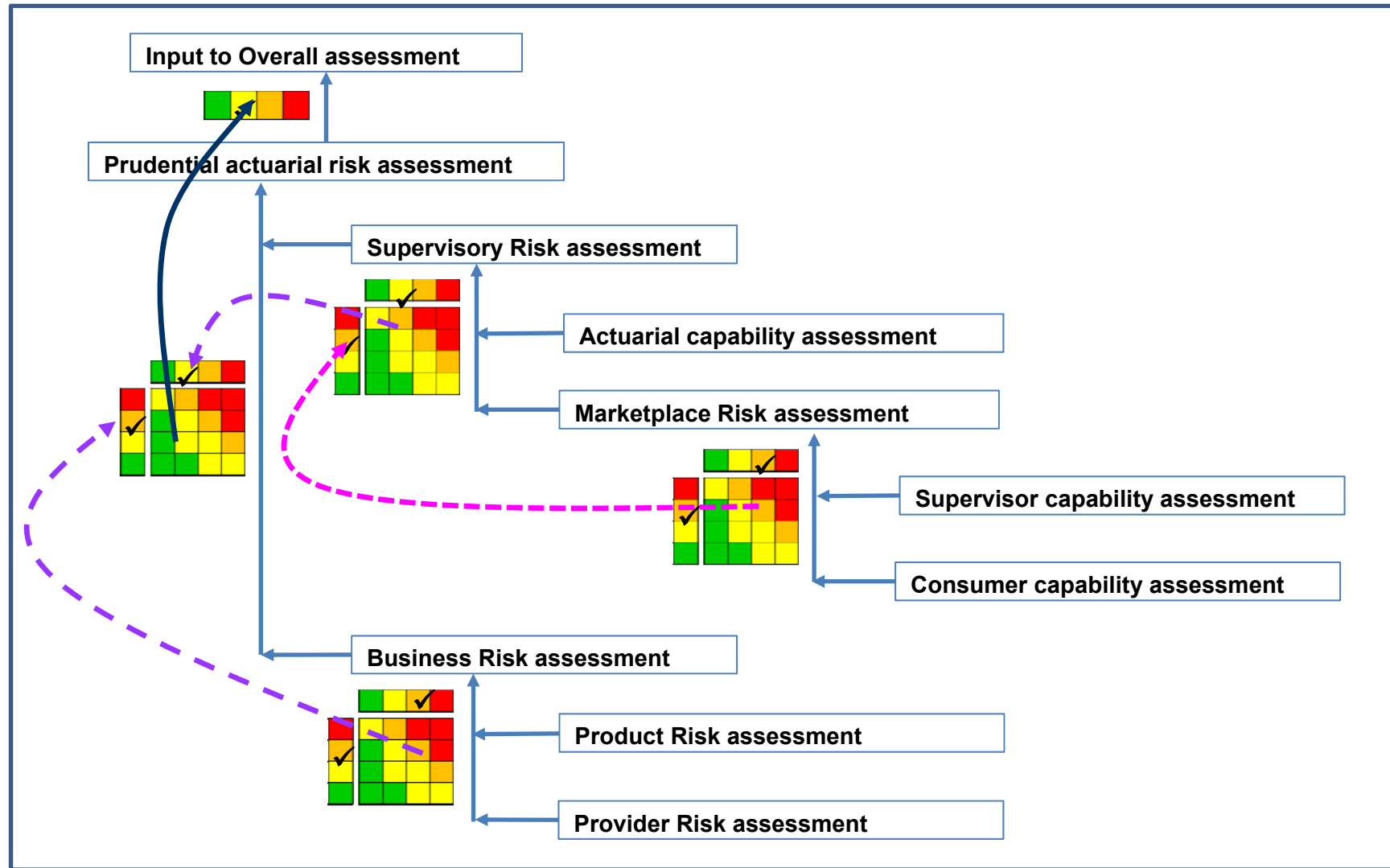


# Tool

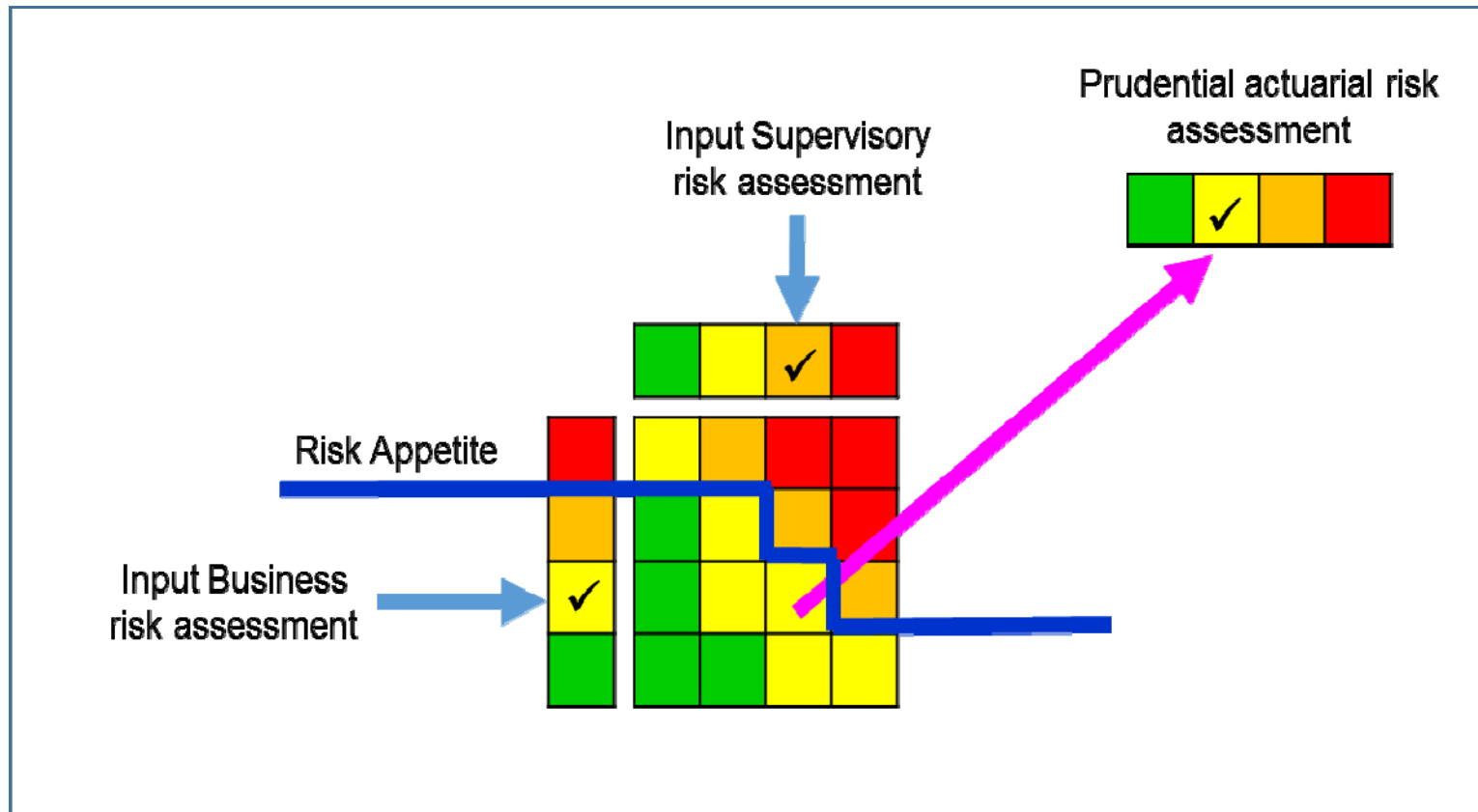
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# Apply the tool



# Risk appetite





# Your key steps

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- ▶ Chose appropriate risk heat map(s)
- ▶ Set a risk appetite
- ▶ Apply the process and assess the components of prudential risk to generate a summary risk assessment
- ▶ Apply judgement to asses if the process outcome is adequate and adjust it if appropriate
- ▶ Compare your risk assessment with the risk appetite
- ▶ Consider recommendations for adjustments to reduce the prudential risk assessment to within the risk appetite
- ▶ Apply judgement to asses if the process outcome is adequate and adjust it if appropriate
- ▶ Provide a recommendation and proposed adjustments with supporting reasons

# Reporting

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- ▶ Your group will
  - Report your recommendation, proposals for adjustments, with supporting reasons.
  - Do so in a 5 minute presentation on the final day of the Program.
  
- ▶ Presentations will be discussed by Program participants and faculty.

# Information

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- ▶ Case Study summary
- ▶ Appendix 1: Process
- ▶ Appendix 2: Company information
  
- ▶ Questions are encouraged during the Program
  
- ▶ This is not about 'finding' the or a 'right' answer
- ▶ It is about applying a process in an independent, unbiased, professional and transparent manner



**IAIS**

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**Thank you ...**

Case Study

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