

accenture

High performance. Delivered.

Accentures Solvency II erfaringer



Agenda



- Kort introduktion
- Hovedkonklusioner fra Accentures seneste Solvency II survey
- Accentures erfaringer på nordisk/europæisk plan i relation til Solvency II projekter
 - Processer / IT systemer / Data Management og forandringsledelse
- Spørgsmål ?



The Solvency II survey was conducted during end of 2010

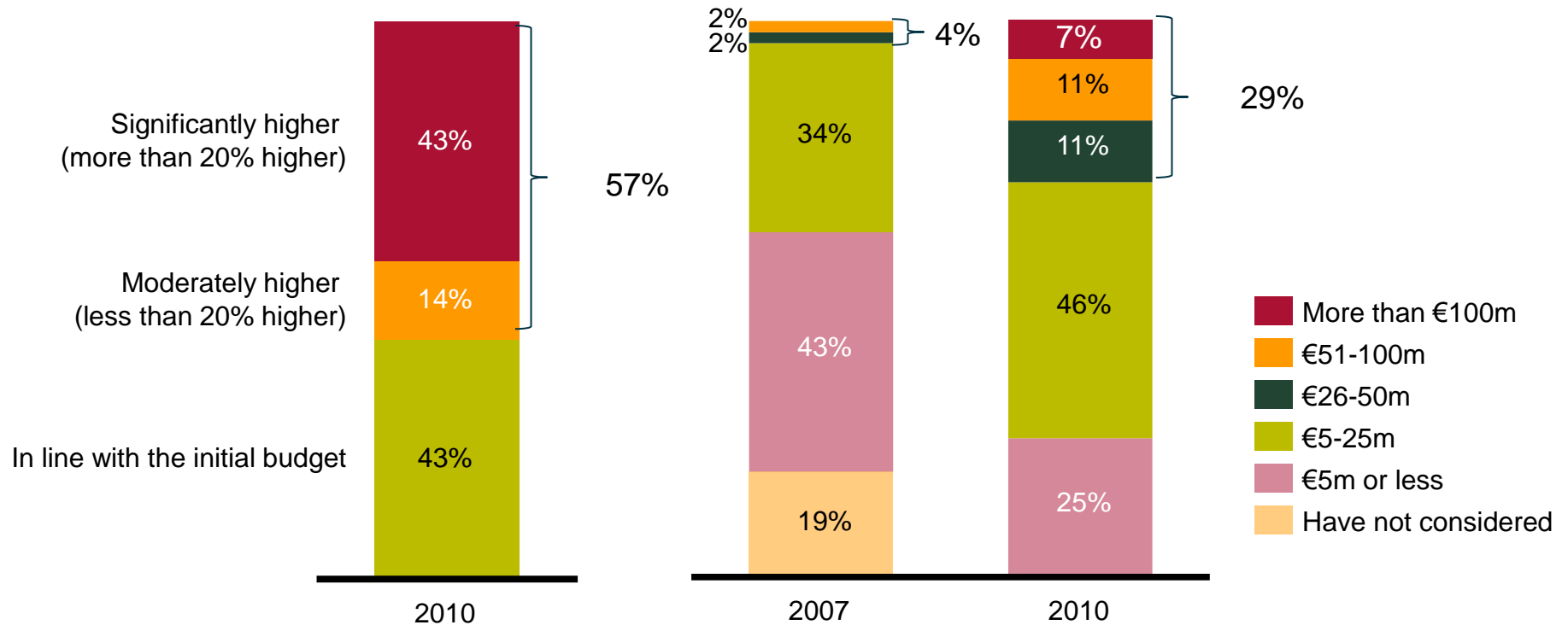
- Accenture's Solvency II Market Readiness survey targeted leading insurance companies across Western Europe
- The aim was to analyze and understand their priorities and the challenges associated with the implementation of the Solvency II Directive.
- The primary focus was:
 - The expected benefits and effects of Solvency II on the insurance industry
 - The industry's level of Solvency II readiness
 - Attitudes toward the three pillars of Solvency II

57% of insurers expect the cost of Solvency II to be higher than anticipated and 29% expect to spend >€26m compared to 4% in 2007



Q: How does the total cost of Solvency II compare with your initial estimate?

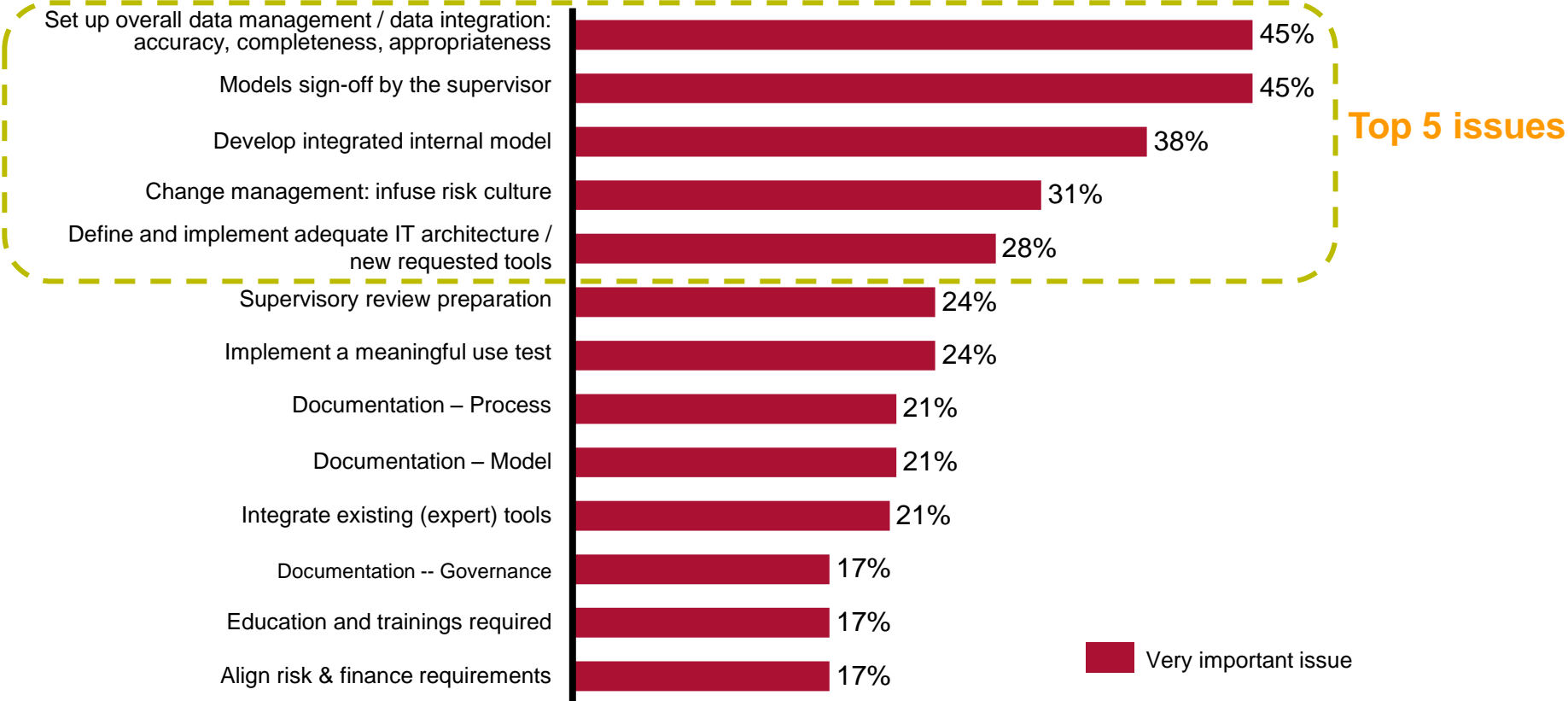
Q: What do you estimate will be the total cost, including internal resources, of Solvency II up to & including implementation in 2011/12?



Priorities for compliance are data integration, the journey from model development to model sign-off, and change of culture & processes



Q: What are the biggest issues to be fixed to achieve Solvency II compliance?

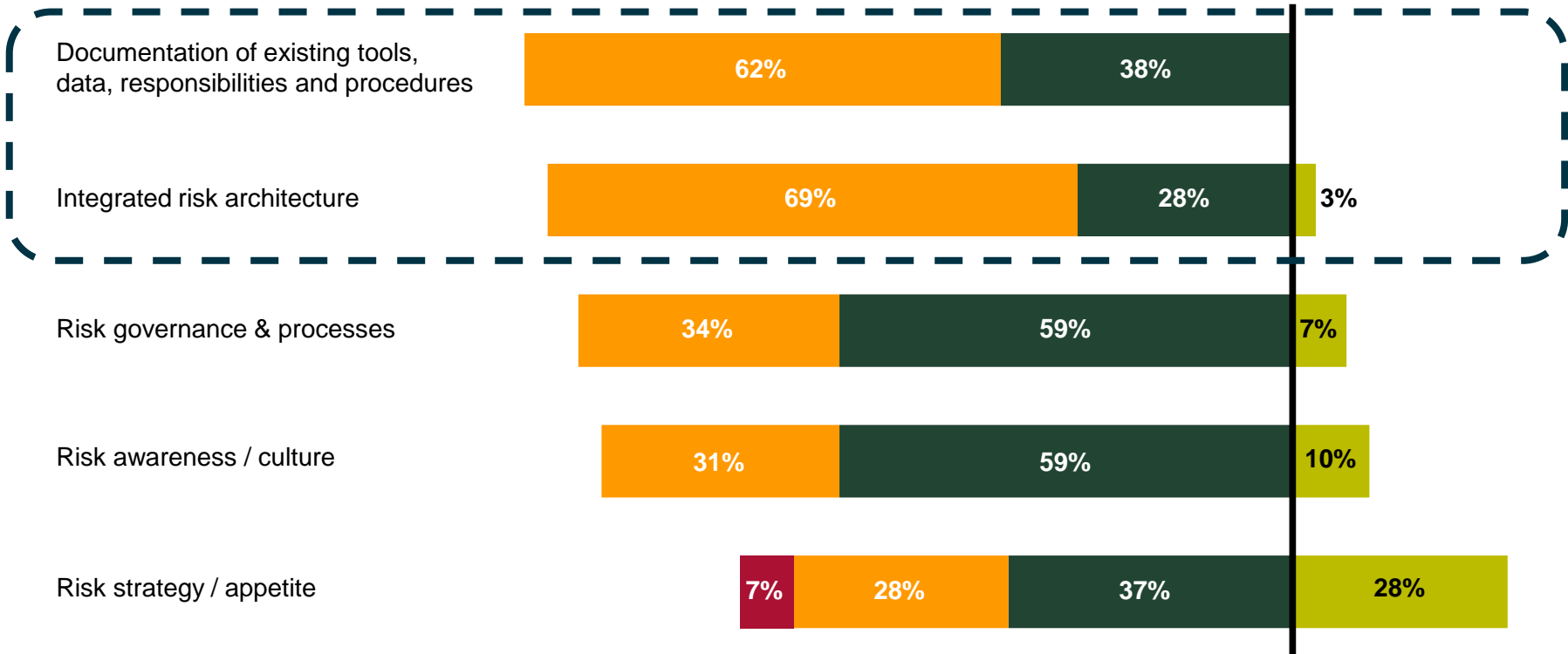


Insurers have some way to go to be ready for Solvency II – documentation & integrated risk architecture require significant effort



Q: How prepared is your organization in the following areas?

■ Not yet started
 ■ Started but still significant effort required
 ■ Work in progress/Slight improvements required
 ■ Done

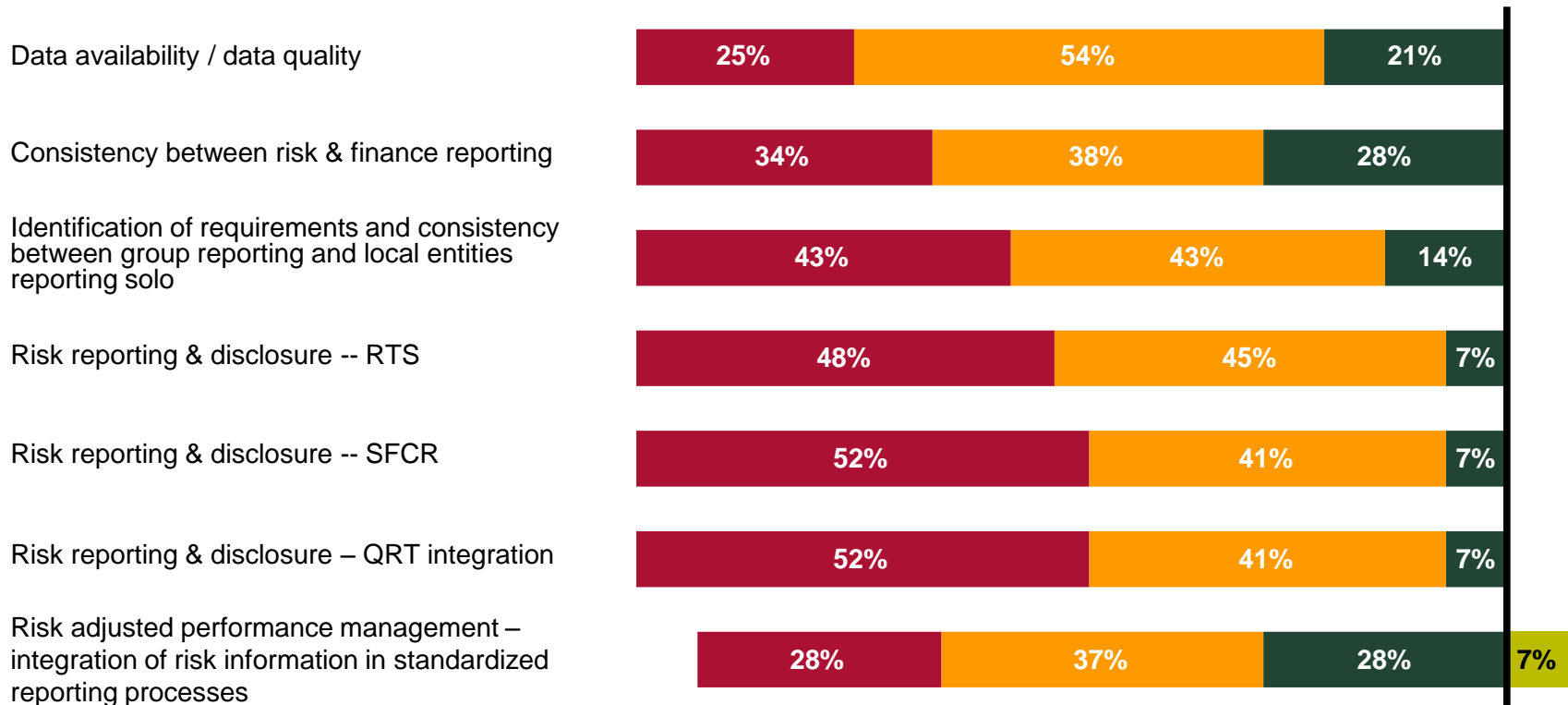


Reporting will be a priority after quantitative modelling & risk management frameworks have been defined



Q: With specific regard to Pillar III, how prepared is your organization in the following areas?

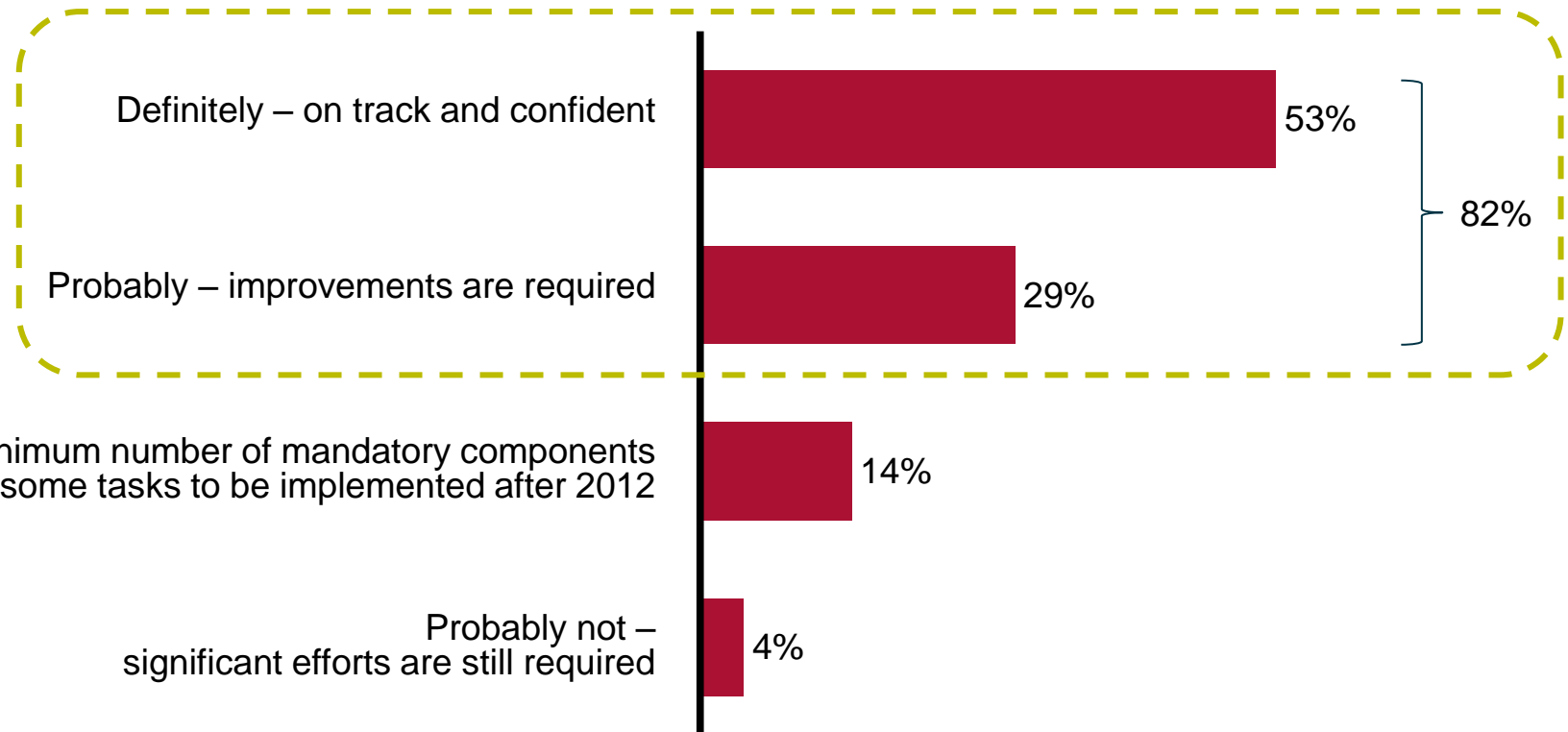
Not yet started
 Started but still significant effort required
 Work in progress/Slight improvements required
 Done



Despite open issues, the industry is confident of meeting the deadline



Q: Do you think you will meet the 2012 compliance deadline?



We have seen that the impact of Solvency II varies from company to company – with some important commonalities



Challenges resulting from Solvency II

Starting Point

- New requirements and tight deadline
- Differing perspectives on risk appetite: Supervisors / policyholders, investors, rating agencies
- Competitive pressure and race to leading risk management approaches

Organization / processes

- Inconsistent risk target operating model
- Unclear roles and responsibilities
- Processes not documented, internal controls not mapped and gaps not identified
- Internal model not embedded in decision-taking
- Insufficient documentation

Systems / Architecture

- Fragmented IT landscape
- Systems incl. objectives and demands not documented
- No target architecture for risk and finance
- Unaligned guidelines reg. documentation, reporting, storage, simulations and data management

Data

- Data gaps not identified
- Inconsistent data model
- Risk and finance data approaches unaligned
- Insufficient data governance
- Traceability, auditability and security not ensured

Changes

- Lack of overview in structure and content of requirements
- Solvency II levels 2, 3 and 4 still moving targets
- Many departments and resources
- Different objectives of business and IT
- Unclear aspirations

Before embarking upon large and costly Solvency II initiatives, the upfront consideration of key questions can provide important guidelines



- What is our **Risk Management ambition level**? Where do we want to be in a 3 – 5 years time?
- Which **capabilities** are required based on this ambition level? Which changes are expected?
- Is there a consistent **risk taxonomy** to discuss this topic throughout the enterprise and legal entities to ‘speak about the same things’?
- How should the **governance structure / qualitative Risk Management** look like? Should legal entities and subsidiaries use the same environment? Is there one central model to be used by all?
- How does the current **IT-landscape / data flow / management** look like?
 - Can we enhance existing tools and save money or do we need new software components?
 - Where do we come from in terms of existing data and required data? Which data overlaps exist in Risk and Finance? Should we aim to use one common databases?
 - What are the current capabilities of IT, data warehouses and used tools? What level of automation and real-time capabilities do we want to have?

Accenture's proven tools & methods support an effective Solvency II solution



Solvency II Methods Package

- Accenture Delivery Methods
- S-II master planning
- S-II roadmap approach

Solvency II Business Package

- Functional AS-IS analysis
- Functional gap analysis
- S-II reference architecture

Solvency II Technical Package

- S-II data management diagnostic
- S-II technical architectures
- S-II data model & S-II reporting

Spørgsmål ?

