

Workshop on Solvency

Program

14.00 **Multidimensional actuarial valuation**

Prof. Dr. Hans Bühlmann, ETH Zürich

The natural definition of the insurance liability leads to understand it as a portfolio of financial instruments. This valuation portfolio serves to measure embedded value and is the basis for asset-liability measurement.

14.50 **SST: Lessons learnt and new challenges**

René Schnieper, Head of Research & Development, BPV

Since 2006 "large" life and P&C companies are requested by law to perform the Swiss Solvency Test. A certain number of other companies have done it on a voluntary basis. Quite a few companies have performed the Field Tests since 2004. In 2008 all companies will have to perform the SST. Reinsurance companies and Insurance Groups in particular are requested to develop and use internal models. It is time to take stock and to reflect on the strengths and weaknesses of the Standard SST Model and on the challenges of internal models both for insurance companies and for the Supervisory Authority.

16.00 **Challenges in implementing regulatory solvency requirements**

Hans Peter Würmli, Head Global Risk Governance, SwissRe

Modern solvency regulation is principles based, well-founded on a true, fair and realistic valuation framework and risk sensitive capital requirements. The presentation will exemplify - as far as possible - the mutually beneficial interplay between developing company internal risk management and solvency regulation.

It will attempt to show how a practitioner tasked with the implementation can benefit from many subjects taught in science and mathematics classes at university. Some uses of "applied mathematics and science" are obvious, whereas some others are probably less expected.

16.30 SST: From calculation to management

Andrew Gallacher, Head Actuarial & Insurance Solutions, Deloitte

Most Swiss insurers have now gone through one or two field tests with the SST. With this experience behind them, they are now considering how to integrate the methodology into an internal model, how to embed this in their overall risk management process and what impacts this should have on product development, asset liability management and risk management. This presentation looks at each of those elements and pulls them together in an overall framework.

17.00 Reviewing solvency requirements in a principle based system

Kieran Barnes, Deputy Actuary, Life Insurance Supervision, FSA

The Swiss Solvency Test is a principle based solvency regime. In the UK, the Financial Services Authority already has four years experience of reviewing the Internal Capital Assessments of UK insurers produced under the FSA's. This presentation shares some of the experiences and lessons learned by the FSA and the insurance industry on setting up a risk review framework for these internal solvency models.

The Speakers

Prof. Dr. Hans Bühlmann

Prof. Dr. Hans Bühlmann is the Honorary President of the Swiss Society of Actuaries. After being a nonlife actuary at Swiss Re, and a visiting professor at the University of California at Berkeley, he became a full professor at the ETH Zurich where from he is well known for his research concentrated mainly on Insurance Mathematics. Author of several books and scientific articles, Prof. Bühlmann was supervising more than 25 PhD students. He was visiting professor not only at Berkeley, but also at Universities in Michigan, Bruxelles, Tokyo, Rome, etc. For his scientific activity Prof. Bühlmann received various awards and honours, among other five doctorates honoris causa.

René Schnieper

René Schnieper started his professional career at Winterthur Swiss Insurance Company in 1983 as a reinsurance pricing actuary. In 1988 he became responsible for the Reinsurance Pricing Department. In 1994 he joined Zurich Financial Services and took over the responsibility for reinsurance underwriting in Europe. In 2001 he joined Converium as a consequence of the spin off of Zurich's reinsurance activities and became head of Special Lines underwriting in 2002. In 2004 he joined FOPI where he now heads the R&D Department. René Schnieper holds a PhD in mathematics from ETH Zurich and is a member of the Swiss Actuarial Association.

Hans Peter Würmli

He started his professional career at Swiss Re in 1985 as an actuary and client manager in life reinsurance, after completing a PhD in Mathematics at ETH in Zurich. After various actuarial functions within and outside of Swiss Re he joined Corporate Integrated Risk Management in 1999 as head of the group-wide Risk Controlling unit. The main responsibilities were the definition, development and documentation of Swiss Re's risk culture and the group-wide risk management processes. An additional responsibility was the group-wide controlling of financial market and credit risk. These activities led to involvement in various Swiss and European regulatory processes in solvency, modelling and reporting issues. Since 2005 he has been head of the global Risk Governance unit.

Andrew Gallacher

Having read Mathematics at Oxford University, Andrew Gallacher started work with Axa Life in the UK in 1987. Once he'd qualified as an actuary in the UK he moved to Axa's head office in Paris, working on the implementation of embedded value and US GAAP accounting for the NYSE listing. In 1996 he moved to Zurich Financial in Switzerland and in 2001 joined Deloitte to set up their Actuarial & Insurance Solutions practice. Alongside product development support his most recent experience has included helping companies set up internal models for the SST.

Kieran Barnes

Kieran Barnes is a graduate in Actuarial Mathematics from Heriot Watt University in Edinburgh. He started work with Commercial Union (now part of the Aviva Group) in 1997 working in the marketing department for individual pensions. After a spell in within Non-Life, he worked within their asset-liability team with special responsibility for stochastic modelling until 2001. Kieran then worked as an investment consultant for pension schemes, life insurance companies and charities until joining the FSA to form a team to review Individual Capital Assessments (ICA) submitted by firms in 2005. His current role combines the previous ICA experience with a more broadly based supervision role within the FSA.