



INSURANCE SOLUTIONS

Workshop in Israel

QIS 4 – Walkthrough: Requirements and Spreadsheet

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ADVISORY

Requirements

1. Choose appropriate valuation method for
 - each risk sub-risk module
 - adjustment for risk absorbing effect of future profit sharing

2. If simplifications or proxies have been chosen
 - check compatibility with criteria (proportionality)
 - documentation of appropriateness, suitability and validity

3. Analysis: How to get the information needed?
 - Which kind of information can be delivered without further (significant) effort?
 - Which additional information have to be produced?

4. Resources and Responsibilities
 - How to integrate additional tasks into the current workstream?
 - Are IT systems efficient enough to produce additional information without many enhancements?
 - Who is responsible for which (sub-)task, who has the overall lead?

Spreadsheet

1. Readme and Colours – 5 min
2. Index, explanation of different sheets, link to sheets and to TS – 10 min
3. Parameters – VaR, CoC, Risk Margin Proxy, (Op Risk factor), CorrSCR, MCR (Cap, Floor), term structure 2007 – 5 min
4. End results: Colours, $SCR = BSCR + opRisk - Adj$, CorrSCR; Adj: Alternative Method – 10 min
5. Market risk: CorrSCR, simplified method vs. standard method, example: interest rate risk – 5 min
6. Scenario: Colours, explanation of structure (Market, counterparty, life etc); explanation that input has to be evaluated; for simplified solutions -> helper tabs, example: Life, mortality risk – 10 min
7. MCR: Cap, Floor, AMCR; NL and Life – 10 min
8. further sheets: General (who? Balance sheet, tiers, average duration (row 259)); Premiums life (breakdown of provisions and risk margins), non-life (in addition: own standard deviation, historical data, best estimate claims subdivided geographically), additional question sheets – 15 min
9. Graphical output: row 12 ($SCR = BSCR + opRis - Adj$), row 31 (SCR composition), row 53 (ASM, free surplus), row 124 (ratio) – 10 min