



SVS Seminar on Risk-Based Capital Regulation and Corporate Governance in the Insurance Sector

Todd Sells presents on U.S. Experiences





Electronic Regulatory Financial Reporting

- US insurers purchase software to file electronic annual and quarterly statutory financial statements to the NAIC
- Same insurer information is used for annual statutory financial statement and RBC filing
- NAIC FDR database keeps 10 years of data
- Automated prioritization, analysis and examination tools utilize FDR data
- Regulators use results in solvency oversight



Electronic Reporting – Industry Pros and Cons

- Cons
 - Additional cost for software, fees to support database
 - Regulator has more useful information about you
- Pros
 - Consistency in format and data provided means fewer ad hoc requests by regulators at unscheduled times
 - Regulator has more useful information about you AND your competitors
 - Management benefits from standardized data
 - Automated tools allow regulators to be more efficient in their analysis/examination efforts



Corporate Governance and Risk Management

- Financial analysis requires understanding of insurer and its operations (key functional activities)
 - Statement of Actuarial Opinion, Management Discussion & Analysis, Holding Company Filings, Audited Financial Report
- Financial examination as well, plus:
 - Identify and assess inherent risks and risk mitigation strategies/controls, determine residual risk and conduct exam per findings
- New U.S. ORSA requirement coming



Corp Gov & Risk Mgmt – Industry Pros and Cons

- Cons
 - Additional expense for corporate government and risk management activities
 - Regulator has more useful information about you
- Pros
 - Efficiency in management, operations, capital allocation, and participation in capital markets
 - Regulator has more useful information about you AND your competitors
 - Industry improvements based upon more participation and innovation in practices



QUESTIONS

