

Client	The client is one of the world's largest global insurance group and one of the leading providers of life and pensions products in Europe. It also has substantial other global businesses interests.		
Project Name	Economic Capital Project Support		
Project Start Date	February 2009	Project End Date	September 2009
Industry	<input type="checkbox"/> Commercial banking	<input checked="" type="checkbox"/> Insurance	
	<input type="checkbox"/> Investment banking		
	<input type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management	
	<input type="checkbox"/> Retail banking		
		<input type="checkbox"/> Corporate	
Category of Service	<input checked="" type="checkbox"/> Performance measurement and monitoring	<input checked="" type="checkbox"/> Regulatory compliance and reporting	
	<input checked="" type="checkbox"/> Portfolio risk management	<input type="checkbox"/> Business process improvement	
	<input checked="" type="checkbox"/> Specialised risks	<input type="checkbox"/> Training and people change	
	<input checked="" type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation	
The Challenge	<p>avantage were engaged to assist new management of the Group Risk function deliver an Economic Capital (EC) project. The Group Risk Economic Capital team had developed a methodology to calculate Group economic capital believed to be Solvency 2¹ compliant; verification of which was a key outcome of the project. A prototype had been developed to demonstrate the viability of the methodology. The intention was to transition this prototype to a robust, scalable economic calculator deployed for use across multiple regions and business lines.</p> <p>The outputs of the EC project were to include the support of risk-based performance measurement (at an aggregate, product line and business unit level), risk-based business decisions (including new product approval decisions) and portfolio optimisation (correlation and exposures).</p>		

¹ It is acknowledged that Solvency 2 regulation is subject to the Lamfalussy process, with the adoption of Solvency 2 framework directive expected in April 2009, and CEIOPS advice on implementing measures expected in October 2009.

<p>Approach and Solution</p>	<p>The focus for the work was (primarily) twofold, being:</p> <ul style="list-style-type: none"> • to assist develop a multi-year delivery plan, reaching across various functions and regions, and in doing so, to re-engage disenfranchised stakeholders, and • lead various work-streams with documenting and validating internal models that fed into the capital calculation engine <p>Support was provided to:</p> <ul style="list-style-type: none"> • Assist re-plan the objectives, benefits and project initiation document; • Lead the initiation of all work-streams, including model documentation and validation; • Ensure that formal project management discipline was applied consistent with the project initiation document; • Create detailed, fully costed and resourced project plans; • Manage the successful delivery, within the agreed timescale and budget; • Ensure consistent standards were developed and applied; • Manage the execution of the business case, including business benefits realisation; • Develop a proposal for project governance for review and approval by the Steering Committee; • Ensure stakeholder engagement across the Group was developed and maintained; • Ensure measurable milestones, consistent with project timescales, were established and monitored on an ongoing basis; • Work with the programme office to perform planning, tracking and financial management activities; and • Manage interdependencies with Group Centre and other projects and programmes of the Group.
<p>Results and Benefits</p>	<p>The approach and outcomes of the engagement supported the client’s approach to reinvigorate the project through engaging with the Project Sponsor and other internal Stakeholders by tabling a clear delivery path for the project. advantage reinforced assertions by moving quickly to resolve issues that had previously halted progress. Emphasis was then put to communicate project deliveries and dependencies with the actuary community to win their support. Concurrently we moved to commence work on those project components that were likely to prove more challenging given the prevailing regulatory scrutiny. Resource requirements were identified and applied to the project, including subject matter experts and IT resources. The project is ongoing and is now on course for expected delivery date and budget. It has full stakeholder support.</p>
<p>Software used</p>	<p>Not applicable.</p>