

Client	The client is a small specialist non-life underwriting firm with operations in the UK, Europe and the US, and is the subsidiary of a larger firm located in the US. It writes business across a number of risk classes, including Marine Hull and Cargo and Liabilities.
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Project Name	Solvency 2 project mobilisation
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Project Start Date	January 2009	Project End Date	February 2009
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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 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 checked="" type="checkbox"/> Training and people change
	<input type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

The Challenge	<p>Although the head of risk understood the implications of Solvency 2 broadly, outside the small risk department the level of awareness was relatively low. With limited resources, the firm did not participate in the QIS programme and was unclear about the likely impact of the new Solvency Directive on its capital requirements, nor about implementation challenges such as data integration or preparing for internal models approval. Understanding of the Solvency 2 Directive timelines, including the expectations of the FSA during the course of 2009 and 2010, was limited.</p> <p>avantage was asked to organise a workshop to start the firm’s Solvency 2 process, and provide follow-on consulting in order to help mobilise the Solvency 2 project during its initiation phase.</p>
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Approach and Solution	<p>avantage prepared an initial workshop for key Solvency 2 stakeholders, providing an overview of the proposed regulatory framework, an assessment of the implementation challenges that it will pose for the firm, and the likely impact on the business environment.</p> <p>The workshop continued with an interactive session based on parts of advantage’s IRPM™ methodology, to provide a basis for stakeholders to make an initial assessment of the key areas of concern, particularly in relation to risk governance and the embedding of internal models.</p> <p>Finally the workshop addressed project initiation, including project governance, project organisation and key early activities.</p> <p>Following on from the workshop, as the client’s project mobilised, advantage continued</p>
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	to provide support, helping to define work stream tasks and deliverables and build an integrated project plan.
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Results and Benefits	<p>Following the avantage workshop, heightened awareness around the organisation resulted in greater engagement with Solvency 2, including most importantly sponsorship of the project by board-level management.</p> <p>A small project organisation was established to ensure the firm would be able to interact effectively with the regulators and begin to participate in any critical lobbying activities in specific areas of concern.</p> <p>An initiative to carry out a QIS4 exercise was started, in order to increase understanding of the standard supervisory SCR/MCR calculations and data requirements. A separate internal models work stream began working with the actuarial department and with outside providers, to prepare some of the necessary model documentation, and begin to implement a proper 'model life cycle' process including independent model validation, approval and annual review.</p>
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Software used	Not applicable.
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