

## Preparing for Solvency II Equivalence in South Africa

<b>Date:</b>	October 27-29, 2010	<b>Duration:</b>	3 Days (9am to 5pm)
<b>Venue:</b>	The Westcliff 67 Jan Smuts Avenue, Johannesburg	<b>Accreditation:</b>	Certified Solvency II Equivalence Professional (CSiiEP) <sup>™</sup> by the Solvency II Association
<b>Fee:</b>	SAIA Member Discounted Fee of 13,000 ZAR per person	<b>CPD:</b>	Total of 24 Hours

### OVERVIEW

This course has been designed to provide delegates with comprehensive knowledge and skills needed to fully understand the Solvency II Directive of the EU, and its extraterritorial application to South Africa.

### COURSE SYNOPSIS

#### INTRODUCTION

- The European Union's Legislative Process. Directives and Regulations
- The Financial Services Action Plan (FSAP) of the EU
- Solvency II and the Lamfalussy Process
- Level 1: Framework Principles
- Level 2: Implementation of Principles. Detailed Technical Measures
- Level 3: Strengthening Cooperation Among Regulator
- Level 4: Enforcement
- Overview of the Solvency I framework
- Solvency II Key Players
- Committee of European Insurance and Occupational Pension Supervisors (CEIOPS)
- European Insurance and Pension Committee (EIOPC)
- CEA (Comité Européen des Assurances) - the European Insurance and Reinsurance Federation
- The International Association of Insurance Supervisors (IAIS)

#### OVERVIEW OF THE SOLVENCY II DIRECTIVE

- Solvency II: An Overview
- A Risk Based Approach
- A Unified Legislative Basis for Prudential Regulation of Insurers and Reinsurers
- Risk-Based Capital Allocation
  
- Pillar 1: The Financial Resources Needed to be Considered Solvent
- The Solvency Capital Requirement (SCR)
- The Standard Approach
- The Internal Model
- The Collection of Additional Historical Data
- External Data
- The IT Challenge
- The Minimum Capital Requirement (MCR)

- Pillar 2 and the Supervisory Review Process
- Own Risk and Solvency Assessment (ORSA)
- ORSA as an internal assessment process
- ORSA as a supervisory tool
- The role of the ORSA - not a third solvency capital requirement
  
- Pillar 3 and the Disclosure Requirements
- Solvency and Financial Condition Report

## THE SOLVENCY II DIRECTIVE

- Scope of the Application
- Authorisation
- Discussing some important definitions
  
- General principles of supervision
- Home vs. Host country
- Information to be provided for supervisory purposes
- Capital Add-on
  
- System of Governance
- General Governance Requirements
- Risk Management
- Internal Controls
- Internal Audit
- Actuarial Function
- Outsourcing
- Own Risk and Solvency Assessment
- Own Risk and Solvency Assessment and CEIOPS
  
- Public Disclosure
- Professional Secrecy and Exchanges of Information
- Agreement with Third Countries
  
- Rules Relating to the Valuation of Assets and Liabilities, Technical Provisions, Own Funds, Solvency Capital Requirement, Minimum Capital Requirement and Investment Rules
- Valuation of Assets and Liabilities
- Calculation of Technical Provisions
- Recoverables from Reinsurance Contracts and Special Purpose Vehicles
- Own Funds
- Determination, Classification, Eligibility of Own Funds
  
- Solvency Capital Requirement
- Requirement Using the Standard Formula or an Internal Model
- Value-at-Risk
- The SCR and the Value-at-Risk Measure Calibrated to a 99.5% Confidence Level over a 1-year Time Horizon.
- Calculation of the Solvency Capital Requirement
- Structure of the Standard Formula

- Design of the Basic Solvency Capital Requirement
- Capital requirement for operational risk
- Full and Partial Internal Models
- Calculation of the Minimum Capital Requirement
- Insurance and Reinsurance Undertakings in Difficulty or in an Irregular Situation
- Identification and Notification of Deteriorating Financial Conditions by the Insurance and Reinsurance Undertaking
- Non-Compliance with the Solvency Capital Requirement
- Non-Compliance with the Minimum Capital Requirement
- Supervisory Powers in Deteriorating Financial Conditions
- Withdrawal of authorization
- Current challenges facing insurers in Europe to comply and effectively use the opportunity that Solvency II provides
- Possible capital requirements consequences for European Insurers in 2012

## SOLVENCY II, GROUP SUPERVISION AND THIRD COUNTRIES

- Right of Establishment and Freedom to Provide Services
- Conditions for Branch Establishment
- Branches Established Within the Community and Belonging to Insurance or Reinsurance Undertakings whose Head Offices are Outside the Community
- Principles and Conditions of Authorisation
- Equivalence
- Subsidiaries of Insurance and Reinsurance Undertakings Governed by the Laws of a Third Country and Acquisitions of Holdings by such Undertakings
- Third-Country Treatment of Community Insurance and Reinsurance Undertakings
- Supervision of Insurance and Reinsurance Undertakings in a Group
- Group Supervision: Definitions, Cases of Application, Scope and Levels
- Supervision of Group Solvency
- Choice of Calculation Method and General Principles
- Choice of Method
- Related Insurance and Reinsurance Undertakings
- Intermediate Insurance Holding Companies
- Related Third-Country Insurance and Reinsurance Undertakings
- Related Credit Institutions, Investment Firms and Financial Institutions
- Calculation methods
- Method 1 (Default method): Accounting Consolidation-Based Method
- Group Internal Model
- Method 2 (Alternative Method): Deduction and Aggregation
- Third countries
- Parent Undertakings Outside the Community - Verification of Equivalence
- Parent Undertakings Outside the Community - Absence of Equivalence
- Parent Undertakings Outside the Community - Levels
- Cooperation with Third Countries Supervisory Authorities

## THE REINSURANCE DIRECTIVE

- Directive 2005/68/EC of 16 November 2005 on Reinsurance
- Reinsurance, Captive Reinsurance Undertakings, Finite Reinsurance
- Authorisation
- Principles and Methods of Financial Supervision
- Supervision of Branches Established in Another Member State
- Special Purpose Vehicles
- Third Countries
- Transposition

## THE SOLVENCY II DIRECTIVE AND THE NON-EEA COUNTRIES

- Solvency II, the Reinsurance Directive and Countries outside the European Economic Area
- The International Association of Insurance Supervisors (IAIS) Defines a (Similar to Solvency II) 3 Pillar Approach to Supervision
- The Swiss Solvency Test (SST) and Solvency II: The basic principles are identical
- Solvency II, the Reinsurance Directive and the Offshore Financial Centers (OFCs)
- Case Studies
- Solvency II, the Reinsurance Directive and the USA
- The US National Association of Insurance Commissioners (NAIC) - the Organization of State Insurance Regulators and Solvency II
- Solvency II and Regulatory Arbitrage

## CLOSING

- The Impact of Solvency II outside the EEA
- The risk for major Offshore Financial Centers - for the countries and the firms
- The risk for third country reinsurance undertakings, captives, and holding companies
- Providing Insurance Services to the European Client
- The Level 2 - Technical measures
- Solvency II: A risk that can become an opportunity



## REGISTRATION FORM

### Course Information

- Course Title:** Preparing for Solvency II Equivalence in South Africa  
**Course Date:** Wednesday 27, Thursday 28, Friday 29, October 2010  
**Course Venue:** The Westcliff, 67 Jan Smuts Avenue, Westcliff, Johannesburg  
**Course Fee:** SAIA Member Discounted Fee of 13,000 ZAR (€ 1,397.20 EUR) per person  
**Includes:** Comprehensive Solvency II Training Manual, Study Material, Handouts, Solvency II Information on USB device, Certificate of Attendance, Breakfast, Lunch & Refreshments, 5 Star Facilities. Certified Solvency II Equivalence Professional (CSiiEP)<sup>™</sup> by the Solvency II Association

### Ways to Register

- Register Online & Enter Promotional Code: **SAIA** to obtain SAIA Member Discounted Course Fee  
[https://www.solvencyiitraining.eu/book\\_course.php?InstanceID=123](https://www.solvencyiitraining.eu/book_course.php?InstanceID=123)
- Email Scanned Copy to: [register@solvencyiitraining.eu](mailto:register@solvencyiitraining.eu)
- Fax Completed Form to: 00 44 207 681 3317

### Delegate Information

- Mr.  Mrs.  Ms.  Dr.  Prof.

**First Name:** \_\_\_\_\_ **Last Name:** \_\_\_\_\_

**Company:** \_\_\_\_\_ **Position:** \_\_\_\_\_

**Email:** \_\_\_\_\_ **Telephone:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City:** \_\_\_\_\_

**Post Code:** \_\_\_\_\_

### Payment Methods

- Direct Transfer – ZAR, EUR, GBP accepted**

**Beneficiary:** Solvency II Training Limited  
**Bank:** HSBC Bank Plc  
**Sort:** 40-18-51  
**A/C:** 71363204  
**IBAN:** GB38MIDL40185171363204  
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- Credit/Debit Card (secure 128bit encryption)**

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