

How we help insurers achieve ORSA compliance



01 Beginning January 1, 2015, NAIC would require insurers subject to ORSA to:

- A. Conduct an own risk and solvency assessment &
- B. File an ORSA Summary Report with their state's insurance commissioner. This report must include the following sections:
 1. A description of the insurer's risk management framework;
 2. The insurer's assessment of risk exposures; and
 3. The insurer's risk capital and prospective solvency assessment

02 We leverage an insurer's existing risk management and enterprise business objectives or goals to conduct a risk and solvency assessment that identifies and quantifies the insurer's enterprise-wide risks and summarize the insurer's solvency position.

The assessment lays the foundation for developing an ORSA-based ERM program for the insurer. The key activities we complete during the assessment and the risk governance framework we put into place for the insurer to administer the insurer's ERM program are illustrated in the schematic on the right.

The Structure of an ORSA-Based ERM Program

RISK & SOLVENCY ASSESSMENT		RISK GOVERNANCE
Risk Management Approach	Solvency Management Approach	Risk Management Framework
Identify Risks	Assess Corporate Capital Structure	Risk Committee / Equivalent
Assess Potential Loss Exposures	Evaluate Financial Leverage	Risk Appetite Statement
Stress Test	Review Fixed Charge Coverage	Risk Tolerance Policy
Business Continuity Plan	Analyze Liquidity	Risk Register
	Review Historical Sources & Uses of Capital	Value at Risk Report (VaR)
	Examine Operating Performance and Business Profile	Risk-Based Capital Model
	Stress Test	Risk Heat Map
	Business Continuity Plan	Risk Dashboard

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Own Risk & Solvency Assessment (ORSA)

03 As part of developing the ORSA-based ERM program for the insurer, we generate the reports that the insurer would use to file the three mandatory sections of the ORSA Summary Report.

- A. Risk appetite statement, risk tolerance report and charter of risk committee or equivalent - the insurer would use these reports to file the description of the insurer's risk management framework section of the report.
- B. Risk heat map, risk register and risk dashboards - the insurer would use these reports to file the insurer's assessment of risk exposures section of the report.
- C. Risk Based Capital (RBC) and Value-at-Risk (VaR) reports - the insurer would use these reports to file the insurer's risk capital and prospective solvency assessment section of the report.