**Solvency II**

*A pragmatic approach proportionate to the size of your undertaking*

In the context of tighter regulatory requirements laid down at EU level, implementing Solvency II within your undertaking will require a maturing period to allow successive changes based on your strategic objectives, project schedule and available resources.

Six key elements usually come into play to meet Solvency II requirements: governance, strategy, organisation and procedures, IT systems and data, modelling and reporting.

**Our understanding of Solvency II**
**Compliance Diagnosis**

**Your challenges**
- Assess your undertaking’s capacity to meet the requirements laid down by Solvency II
- Identify measures to be implemented to comply with Solvency II requirements
- Design an action plan adapted to your undertaking and structure

**Our answers**
- Perform an in-depth review of your business and scope
- Analyse gaps between your current situation and objectives
- Define and prioritise matters to be addressed according to the difficulty and stakes involved
- Estimate Solvency II implementation costs
- Set up a project steering programme

**Our tools**
- A diagnosis tool based on Solvency II requirements in the form of a structured questionnaire and database
- A Solvency II process that builds and capitalises on existing projects (IFRS, SOX, MCEV, etc.)
- A structured and methodological approach to analyse and measure gaps between existing processes and the requirements of the European framework directive
- A ranking of weaknesses according to their impact, urgency and feasibility
- Recommendations based on applicable best practices and definition of a step-based implementation timeline

**Risk Management**

**Your challenges**
- Develop a clear and comprehensive vision of all risks affecting your undertaking
- Define your risk policy (e.g. tolerance, risk appetite)
- Update your risk management process to comply with CAA requirements
- Turn risk management into an efficient process integrated in the day-to-day business of the undertaking

**Our answers**
- Map out your risks
- Prioritise risks according to their impact on your business (severity) and probability
- Determine the level of risk exposure
- Assess regulatory capital requirements
- Define and document your risk management processes
- Support the setup of a Risk Management function, with initial coaching (strategies, procedures, deployment plan, etc.)
- Support the creation of the Own Risk and Solvency Assessment (ORSA)
- Support the development or implementation of risk measurement activities

**Our tools**
- Risk Management expertise, including guidelines, tools and risk modelling methodologies
- Health check and self-assessment procedures
- Implementation of surveys to capture risks; interviews with key players
- Creation of risk/impact matrices
- Support for the implementation of integrated Risk Management models (e.g. GRC)
### Controlling and Internal Audit

**Your challenges**
- Implement internal audit and control strategies, and a regular update process
- A governance system adapted to the type, size and complexity of your business
- Have detailed procedures covering all your operations
- Implement efficient and effective controls enabling you to adequately cover the identified risks
- Create an effective, objective and independent internal audit function to meet stakeholders’ needs

**Our answers**
- Perform a diagnosis of governance structures and design or adapt controlling and internal audit policies
- Establish or update procedures according to activities and identified risks, with particular emphasis on controls
- Support the setup of an internal audit function and assist in initial tasks (charter, procedures, audit plan, etc.)

**Our tools**
- A pragmatic approach adapted to the size and complexity of your entity
- Workshops to identify the needs of stakeholders
- Assessment of current controls and proposals for change based on key risks and challenges by business line
- Global reference model of best practices in internal control and audit
- Coaching and training tailored to controlling staff and internal auditors in particular

### Reporting and Data Management

**Your challenges**
- Identify your data needs
- Opt optimise the centralisation of operational data and data from other information systems
- Ensure the reliability of the underlying data management framework regarding the assessment of Solvency II requirements
- Establish data control procedures

**Our answers**
- Develop a data management framework, including processing, extracting, transforming and loading into the calculation modules
- Analyse the quality, integrity and availability of current and historical data
- Analyse the data collection and data storage system
- Document data management and control processes
- Assess the relevance of data consolidation and aggregation systems

**Our tools**
- In-depth knowledge of internal models
- Performance analysis of your data control procedures
- State-of-the-art data architecture methods

### Training and Coaching

**Your challenges**
- Training and update courses for your teams in qualitative and quantitative aspects of Solvency II

**Our answers**
- Training course designed and given by our Solvency II experts presenting the different project implementation phases and a detailed description of the three pillars
- Staff coaching in the implementation of the system
- Cross-disciplinary support in regulatory, technical and financial matters

**Our tools**
- A multidisciplinary team consisting of actuaries and experts in consulting, risk management, internal control and information systems
- In-depth knowledge of the stakes of Solvency II and hands-on experience of Basel II/III
- Concrete and extensive knowledge of the insurance market
- Proactive regulatory watch on relevant topics
How we can help

We can provide a cross-disciplinary team dedicated to Solvency II comprising not only Insurance experts with extensive knowledge in regulatory and accounting aspects, but also specialists capable of adapting their methodology to the insurance industry and well aware of the stakes and impact of Solvency II.

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Why PwC Luxembourg?

PwC Luxembourg (www.pwc.lu) is the largest professional services firm in Luxembourg with over 2100 people employed from 53 different countries. It provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. It helps its clients create value by giving comfort to the capital markets and providing advice through an industry focused approach.