EAA-Seminar

# "Enterprise Risk Management"

19th-21st November 2009 | Lisbon / Portugal

organised by the European Actuarial Academy GmbH in co-operation with the Instituto dos Actuários Portugueses

## 1. Introduction

Over the past years, CEIOPS (representing European regulators) has been developing a new risk-based solvency system (Solvency II) with an available capital measured on a market consistent basis and capital requirements based on a value at risk measure. The new system assumes 3 pillars where there is a place for a new management role in the decision making process using risk measures.

Also, at the end of 2005, rating agencies have added a new criterion "ERM" when deriving the credit rating for insurance companies. ERM classifications are excellent, strong, adequate and weak. Only very few insurance companies obtained the status "excellent" and most were "adequate". This means that for many companies there is plenty of room for improvement in their risk management processes.

In order to comply with the new requirements issued by regulators and rating agencies, many insurers have invested significant resources in ERM recently. The financial crisis has revealed some significant challenges for the market consistent value methodologies and risk management practices within different insurers.

In our session we want to describe the different ERM criteria and explain why and how insurance companies should invest in risk management activities. We will give best practice examples of valuable risk management analyses. Part of our session will also include a workshop that focuses on decision making of management at a life or non-life insurance company. Here we will show how risk management information can help when it comes to important strategic decisions.

The target of our session is not only to inform participants about the upcoming importance of Enterprise Risk Management within insurance companies, but also to provide practical guidance to effectively implement ERM in different areas.

**2. Participants and Maximum**

Actuaries working in West and Eastern Europe are invited to attend the seminar.

**3. Purpose and Nature**

The seminar is suited for actuaries or actuarial trainees that are directly or indirectly involved in issues with regard to financial risk management and solvency within insurance companies. The aim is to transfer knowledge and practise about how economic capital for insurance companies is measured and managed in practice.

The courses will at first deal with the underlying theory of economic capitals. Besides a short introduction to the underlying theory, participants of the seminar will have many opportunities to gain practical experience with the economic capital concept. The lecturers have prepared case studies using spreadsheets that are derived from business issues that came across in their daily practice.

**4. Lecturers**

**Tom Veerman**
Education: Qualified Actuary in the Netherlands (AAG) and a Certified European Financial Analyst (CEFA). Tom has worked as a consultant for Tillinghast – Towers Perrin and Mercer in the Netherlands. He also has worked in the Group Actuarial Department of Eureko/Achmea. In 2006, Tom decided to set up (together with partners) Triple A – Risk Finance, where he works as managing consultant for business line insurance with a main focus on issues with regard to Risk-Based Capital Management, Asset-Liability management and Reinsurance.

**Theo Lanser**
Education: Qualified Actuary in the Netherlands (AAG) and a Financial Risk Manager certified by the Global Association of Risk Professionals (FRM). Before 2002 Theo had worked as a life and non-life actuary for Achmea. Theo worked from 2002 till 2006 as an actuarial expert for DNB on the supervision of insurance companies. In those years he also worked on the development of the Financial Assessment Framework (FTK), which for pension funds has become part of the Pension Act (January 2007). From November 2006 Theo is coordinating for Aegon the practical implementation of an Economic Framework to realize Market Value of Liabilities, Economic Required Capital and Market Consistent Embedded Value.

**Roel van Besouw**
Education: Qualified Actuary in the Netherlands (AAG) and a Financial Risk Manager certified by the Global Association of Risk Professionals (FRM). Roel has worked as a consultant for Tillinghast – Towers Perrin in the Netherlands and as senior actuary in the

Group Actuarial Department of Eureko/Achmea. In 2006, Roel started (together with partners) Triple A – Risk Finance, where he works as managing consultant for business line insurance. He specialises in Asset Liability Management, Risk-Based Capital Management and Value Based Management.

## 5. Language

The language of the seminar will be English.

## 6. Preliminary Programme

**Wednesday, 18th November 2009**

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| 19.00 – 21.00 | Welcome reception (drinks and snacks) |

**Thursday, 19th November 2009**

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| 08.30 – 09.00 | Registration |
| 09.00 – 09.05 | Introduction & welcome by the chairperson and representative of EAA |
| 09.05 – 10.30 | Introduction, 3-day agenda, Solvency II three pillar approach (van Besouw) |
| 10.30 – 10.45 | Coffee break |
| 10.45 – 12.30 | Solvency II; S&P ERM rating: ERM criteria Standard & Poors, evaluation of results 2006 and 2007 (van Besouw) |
| 12.30 – 13.30 | Lunch |
| 13.30 – 14.30 | Some notes on Enterprise Risk Management at AEGON (Lanser) |
| 14.30 – 14.45 | Coffee break |
| 14.45 – 17.00 | Measurement and management of different financial and non-financial risk types within insurance companies – part 1 + Case study 1 (Lee Carter) (Lanser) |
| approx. 18.30 | Formal Dinner |

**Friday, 20th November 2009**

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| 09.00 – 10.30 | Recap last day; Measurement and management of different financial and non-financial risk types within insurance companies – part 2 + Case study 2 (Mortality parameter risk (Level) (Lanser) |
| 10.30 – 10.45 | Coffee break |
| 10.45 – 11.30 | Case study 2 (Mortality parameter risk (Level) (Lanser) |
| 11.30 – 12.30 | Some notes on implementing ECM models at AEGON (Lanser) |
| 12.30 – 13.30 | Lunch |
| 13.30 – 14.30 | Market Consistent ESG's: Managing options and guarantees, first step is to have internal valuation models (Veerman) |
| 14.30 – 14.45 | Coffee break |
| 14.45 – 16.00 | MCESG's, how to build one yourself? (Veerman) |
| 16.00 – 17.00 | Risk Management Framework: Overview risk types and risk measures, and impact of financial crisis on ERM practices, Strong risk management framework example, ING Replicating Portfolios (Veerman) |
| approx. 18.30 | Social Event |

**Saturday, 21st November 2009**

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| 09.00 – 10.30 | Recap last two days; Strong risk management framework example, ING replicating Portfolios (Veerman) |

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| | Future developments, actuaries become risk managers, introduction Risk Management Game (Veerman) |
| 10.30 – 10.45 | Coffee break |
| 10.45 – 12.30 | Risk Management Game - Workshop (all) |
| 12.30 – 12.45 | Concluding remarks and closing of the seminar by the chairperson |
| 12.45 – 13.45 | Lunch |

**7. Fees & Registration**

Please register for the seminar as soon as possible because of the expected demand. We recommend registration until 19th October 2009. If there are more persons interested in this seminar than places available we will give priority to the registrations having been first to arrive. Please send your registration as soon as possible by using our online registration form.

Your registration is binding. Cancellation is only possibly up to 4 weeks before the first day of seminar. If you cancel at a later date, the full seminar fee is due. You may appoint someone who takes your place, but must notify us in advance. EAA has the right to cancel the event if the minimum number of participants is not reached.

Please always give your invoice number when you effect payment. Bank charges must be borne by the participant. We will send you an invoice, please allow a few days for handling.

**Your early-bird registration fee is € 1,040.00 until 19th September 2009 the latest. After this date the fee will be € 1,150.00.**

**8. Accommodation**

The seminar will take place in the Hotel Holiday Inn Lisbon-Continental, R Laura Alves 9, Lisbon, 1050 Portugal.

We have arranged special prices for accommodation:
A single room costs € 75 per night, including breakfast. This price is valid for bookings out of our allotment EAA Seminar up to 4 weeks before the seminar. Please note that the number of rooms is limited.
Please book your accommodation directly with the hotel and note the hotel's cancellation policy.

**9. Accreditation for CPD Points**

For this seminar, the following CPD points or hours are granted by the individual actuarial associations:

Austria: 16 points
Bulgaria: 12 points
Germany: 16 hours
Switzerland: 15 points

No responsibility is taken for the correctness of this information.