THE OWN RISK AND SOLVENCY ASSESSMENT (ORSA): WHAT IS IT, AND WHY IS IT GOOD FOR YOU?

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The Own Risk and Solvency Assessment (ORSA): What is it, and why is it good for you?

Some guidance at last, but do we really need it?

On November 7, 2011, the European Insurance and Occupational Pensions Authority (EIOPA) published CP-11/008, ‘Consultation Paper on the Proposal for Guidelines on Own Risk and Solvency Assessment’, inviting insurers and other stakeholders to comment on the proposed set of requirements for the ORSA under Solvency II.¹ The paper lists 24 guidelines that summarize EIOPA’s expectations about the ORSA, followed by an extensive discussion of specific issues and features of the assessment. Two distinct sections are devoted to the recording of each ORSA process and to group specificities of the ORSA, respectively.

¹ The consultation paper and the template for comments can be downloaded from EIOPA’s website’s consultation page: https://eiopa.europa.eu/consultations/consultation-papers/index.html. The deadline for comments is January 20, 2012. A draft of the paper was circulated to selected stakeholders earlier this year.
Although the document runs for over 40 pages, insurers who had been expecting detailed guidance from European authorities may still be disappointed. This cannot be imputed to EIOPA, however. Consistent with the principle-based approach of Solvency II, EU supervisors dictate the objectives and guiding principles of the ORSA; it is then up to the insurers themselves to choose the tools and processes most appropriate to the kind, volume and complexity of the business they write and the risks they take on – in a word, their risk profile.

Rather than offering a quick-fix ‘to do list’, this Willis Re Report aims at helping insurers design their ORSA in a way that can satisfy supervisors’ expectations. Beware – the ORSA is not a simple checklist or audit report, but an in-depth assessment of how an insurer does business. It requires a comprehensive review of how strategy is decided and implemented; how risk tolerances are set, monitored and enforced; how management deals with unexpected events and ensures continuous compliance with internal and regulatory capital requirements – and the list could go on. But there is also a bright business side.

While compliance with ORSA requirements will no doubt be costly, there are benefits to be reaped both internally and externally. Internally, the ORSA can be a key driver to implement an effective Enterprise Risk Management (ERM). Externally, it can provide a showcase for an insurer’s strategy and ERM practices to present to supervisors, rating agencies and equity analysts. In the longer run, monetary and organizational costs are likely to be more than offset by the benefits of more effective planning and risk management.

**ORSA: The fundamental principles**

- A regular Own Risk and Solvency Assessment (ORSA) should be an integral part of an insurer business strategy.

- The ORSA does not require the development of an internal model.

- The ORSA does not serve to calculate an additional capital requirement, in addition to the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

- The results of each ORSA should be part of an insurer’s reporting to supervisors.

*Source: Solvency II Directive, recital 36.*
The ORSA: What is it, and what is it for?

The ORSA requires insurers to form their own view of their risk profile and capital needs. For an insurer that uses the standard formula, these can differ from Pillar I solvency capital requirements for several reasons.

**Why the ORSA outcome can, and often will, differ from Pillar I requirements**

- **The insurer’s business does not satisfy the assumptions underlying the standard formula.** For example, the insurer may have sold a substantial number of life policies to ‘aggravated risks’ or written a large share of its motor business in one national market. As a consequence, standard formula parameters are not applicable, as their values have been derived, loosely speaking, from a ‘European average’. Single national markets or market segments may well differ from this average.

- **Some risks are not considered in the standard formula because they are too difficult or even impossible to quantify, but may nonetheless be material for the insurer.** Liquidity risk and reputational risk are two obvious examples.

- **The insurer has a different risk appetite from that assumed in the standard formula calibration (99.5% VaR, roughly consistent with a BBB rating).** This could be due to shareholders’ risk aversion, for instance, or to the desire to maintain a higher rating.

- **Pillar I requirements are static, but the insurer also has to consider its solvency needs over a longer period of time than one year.** This implies assessing the solvency implications of business plans and potential adverse changes in the market and the wider environment, such as financial market turmoil or catastrophe events of higher than expected frequency and/or severity.

How to conduct the ORSA in practice is left to each insurer to decide, based on the nature, scale and complexity of the risks they take on. This is consistent with the view of insurance supervision that underpins the whole Solvency II project. Supervisors now accept that insurers’ risk profiles have become too complex to be captured by formulaic solvency requirements. In addition, a careful analysis of historical experience shows that insurers ‘fail’ because of bad management rather than, say, excessive growth or catastrophe losses. Such adverse changes typically trigger a crisis whose real causes lie in inadequate strategic planning, weak risk management, inconsistent incentives for underwriters and executives (for a discussion of ‘why insurers fail’, see http://ec.europa.eu/internal_market/insurance/docs/solvency/impactassess/annex-co2_en.pdf and http://www.ambest.com/ratings/methodology/Impairment-Rate-Transition-Methodology.pdf).

It follows that an effective supervisory regime should include incentives to better decision making and risk management, in addition to more sophisticated solvency capital requirements. In accordance with the first objective, the ORSA requires every insurer to embed risk analysis and solvency assessment in their strategic planning and day-to-day business management. This is meant to:

- induce management to anticipate potential losses and capital needs, and take corrective action before it is too late;
- allow supervisors to assess the quality of the insurer’s risk management and use the ORSA as an ‘early warning’ device for solvency problems.

Supervisors will be able to use the results of the ORSA to form an opinion of an insurer’s prospective solvency and risk management. In their assessment, ERM and decision making processes can be expected to carry as much weight as the actual numerical outcome of the ORSA.

Solvency needs calculation will have to be based on robust identification and measurement processes, and be followed by coherent decisions on how much risk to retain or transfer, whether to raise additional funds and in what form, how to price the products offered, whether to review the current strategy and budget.

For those insurers who intend to use an internal capital model, moreover, the ORSA will be part of the information used by supervisors in the approval process, as already indicated by BaFin in Germany and the FSA in the U.K.

To sum up, the ORSA extends the Pillar I view of an insurer’s capital adequacy along two dimensions:

- **RISK**, by requiring insurers to consider additional risks and to verify the applicability of the standard formula to their actual risk profile;

- and **TIME**, by requiring insurers to adopt a forward-looking view of their capital adequacy and plan how to deal with unexpected adverse changes in their business environment.
‘The Own Risk and Solvency Assessment shall be an integral part of the business strategy and shall be taken into account on an ongoing basis in the strategic decisions of the undertaking.’

(Solvency II Directive, art.45(4))
Everybody recognizes it when they see one: Contents and design of a good ORSA

The previous section discussed the nature of the ORSA and its role in the three-pillar system envisaged by the Solvency II Directive. But what are the actual requirements of a good ORSA? There is no prescriptive guidance either in the Directive or in the papers released by EIOPA until now. We believe, however, that it is possible to identify the main characteristics of an effective ORSA based on the fundamental principles underpinning Solvency II. The actual scope and design of the ORSA will depend on the scale and complexity of the insurer’s business, as clearly indicated by EIOPA.

In this section we propose a modular structure for the ORSA process, to be mirrored by the ORSA report which insurers will present to their supervisors. While not dictated by any Directive article or EIOPA recommendation, this structure is consistent with Solvency II principles and with EIOPA and IAIS guidelines (cf. EIOPA’s CP-11/008 and IAIS’s Guidance Paper on ERM – see http://www.iaisweb.org/_temp/14_Guidance_paper_No_2_2_5_on_ERM_for_capital_adequacy_and_solvency_purposes.pdf). In our view, it provides a robust and coherent framework for the design of an effective ORSA.

Our suggested framework for the ORSA comprises three modules covering, respectively:

1. The insurer’s risk profile.
2. The insurer’s prospective solvency.
3. The ORSA governance and the insurer’s ERM.

What is the rationale for this modular structure? Recall that the main objective of the ORSA is to identify the amount of capital required to protect an insurer from insolvency. Now, this amount depends on the nature and scale of the risks the insurer is exposed to. The two sets of factors, nature and scale, differ in one important respect. While the scale, or size, of an insurer’s risk exposures fluctuates continuously in the ordinary course of business, their nature changes only every so often, typically as a consequence of a major strategy revision or the emergence of new risks.

As an example, consider an insurer offering travel insurance only. Its book of business will typically comprise a large number of policies with small sums insured, numerous exclusions, and very short duration. The insurer’s asset allocation will probably include large shares of cash and highly liquid, highly rated fixed income securities to match the short tail of the insurance liabilities. The nature of the risks assumed by the insurer will not change if its business volume increases; only their scale will. On the contrary, if the insurer expands by entering new lines of business (motor third party liability, for example), then not only the scale but also the nature of its risks will change.

ORSA: The proportionality principle in action

‘The ORSA may take different levels of sophistication according to the nature, complexity and scale of the risks inherent in the business, ranging from simple stress calculations on the material risks to the use of more advanced methodologies similar to the ones used in partial or full internal models.’

(EIOPA Issues Paper on ORSA, 2008, p.7)

‘An undertaking’s assessment of its overall solvency needs does not necessarily call for the use of a complex approach. The methods employed may range from (simple) stress tests to more or less sophisticated economic capital models. Where such economic capital models are being used, they do not need to meet the requirements of internal models for the calculation of the SCR (…) The proportionality principle is to be reflected (…) also in the frequency of the ORSA and (…) in the level of granularity of the different analyses to be included in the ORSA.’

(EIOPA, CP-11/008, p.14)
It seems practical, therefore, to organize the ORSA around two main topics:

- The insurer’s current risk profile, as determined by its legal structure, internal organization and long-term strategy regarding products offered, lines of business, markets, risk appetite; and

- The insurer’s prospective solvency position, which is the result of the interaction between the insurer’s choices, envisaged in its business plans, and the changes in its environment (e.g., worse than expected loss experience, financial market shocks, regulatory changes, etc.).

The insurer’s risk profile is relatively stable, as long as the management strategy remains the same and there are no major environment changes. Thus the assessment of the nature of the risks that the insurer is exposed to will have to be thorough, but does not have to be updated every year, say, but only when material changes occur. You can think of a major change in strategy (e.g., the insurer enters new lines of business and/or new markets) or of the emergence of new risks (e.g., asbestosis for insurers offering employers’ liability cover).

On the other hand, the insurer’s actual solvency position can, and often will, vary almost continuously as a result of changes in business volumes (new business written, claims incurred/paid, reserve releases, etc.), the volatility of financial markets, and so on. Thus the insurer will have to be able to monitor its solvency position continuously and have a contingency plan to reduce risk exposure and/or raise additional capital if required. This is a different set of issues, which is dealt with in the second ORSA module.

Lastly, the insurer will have to make sure that the framework and procedures used for the ORSA are robust and that its ERM is adequate to the nature, scale and complexity of the risks it is exposed to. The third module in our proposed structure regards this self-assessment, which is crucial to guarantee the validity of the results obtained regarding the insurer’s risk profile and its current and prospective solvency position.

Module 1: The insurer’s risk profile

The first part of the ORSA is an overview of the insurer’s business, organization and market position with the aim of clarifying the nature of the risks the insurer is exposed to. Any differences between the insurer’s own view of its risks and the standard formula are discussed and justified here.

Internal model users, in particular, will describe the model’s assumptions, measurement tools and risk metrics used. As a result, the outcome of the SCR calculation is confirmed and put into perspective.

In further detail, the first module of the ORSA should consider the following topics:

1. The insurer and its business and market position

   - Legal structure and internal organization – For example, is the insurer a mutual or a stock company? Who are the main shareholders? What are their characteristics and objectives?

   - Type of business – What lines of business does the insurer write? What products does it offer? To what customers? For example, does the insurer mainly write personal or commercial lines? Long or short tail business? Mass risks or large commercial risks?
• Market position – In what markets and market segments does the insurer write business? What are the main opportunities and competitive threats? What is the insurer’s market position in terms of market share, size, strengths and weaknesses? What are its distribution channels?

2. Risk identification and assessment
• Nature and complexity of each risk the insurer is exposed to. The insurer should quantify its risk exposures, if possible, and conduct a qualitative assessment for those risks that cannot be easily quantified (reputational risk, for example, or liquidity risk).
• Assessment of any deviation from the assumptions underlying the standard formula. Discussion of any set of undertaking specific parameters used. Justification of any simplifications used to calculate the SCR. For (partial or full) internal model users, why is the model considered more appropriate than the standard formula?

3. Risk appetite and planning horizon
• Risk metrics – Which metric(s) has the insurer chosen to measure its risk appetite? For example, VaR (at same or different level than in the standard formula), TVaR, etc. Why are they considered appropriate? What are their limitations, and how does the insurer deal with them?
• Risk appetite – What is the insurer’s risk appetite, and why? For example, if the insurer has adopted VaR at a different level from the 0.5% of the standard formula, what is the rationale for the decision? Possible answers include shareholders’ risk aversion, desire to maintain a better rating than that implied by a 0.5% VaR, and so on.
• Planning horizon – This is unlikely to be shorter than three years, but it could be significantly longer for non-life insurers writing long-tail business and for life insurers.

Module 2: The insurer’s current and prospective solvency position
The second module of our suggested structure for the ORSA extends Pillar I requirements along the time dimension. The insurer should conduct a forward-looking assessment of its solvency based on its current position and its business plan for the next years. This will generate its main forecast scenario. The future, however, is uncertain. Management should thus consider the potential impact of adverse events on the insurer’s solvency through stress tests and scenario analysis, and prepare adequate contingency plans. To deal with unexpected solvency needs, the insurer could raise additional capital and/or reduce its risk exposures through reinsurance, hedging and other forms of risk transfer. The actual availability of each of these measures under stress conditions should be carefully evaluated in advance.

In more detail, the second module of the ORSA should include the following:

4. Prospective solvency position: base scenario
• Forecast model for planning – What are the forecast inputs and outputs? Which variables are not explicitly modelled? What is the forecast horizon? The actual length of the forecast horizon will depend on the nature of the insurer’s business, but it should not be less than three years.
• Forecast assumptions used in the base scenario: expected loss frequency and severity, insurance rates, yield on investments, etc. Which variables are forecast by the insurer itself? How does the insurer validate the quality of external forecasts?
• The insurer’s business plan – What are the insurer’s targets over the forecast horizon? What are the drivers of the insurer’s forecasts? How does the insurer intend to reach its targets? For example, does the insurer plan to grow its book of business by lowering rates? Is the assumed rate decrease in line with market forecasts or materially higher/lower? What reactions from competitors have been taken into account?

5. Stress testing and scenario analysis
• Stress tests can help management assess the reliability of its base scenario. By introducing extreme changes in parameters and variables not under the insurer’s control, management can identify the conditions under which solvency could be at risk.
• Reverse stress tests could be particularly useful in some cases. Instead of using an arbitrary change in a model parameter or variable and calculating its impact on solvency, a reverse stress test starts from a given drop in the solvency ratio considered intolerable and ‘climbs back’ on the causal chain to find the parameter/variable change that could generate that drop. Reverse stress tests have proved their usefulness in the recent financial crisis.
• Scenario analysis completes and enriches the picture of prospective solvency by considering the impact of combinations of adverse changes in different parameters and external variables. An effective ORSA should include worst-case scenarios based on actual historical experience, such as that provided by the latest financial crisis and past catastrophic events (1918-9 influenza pandemic,
1813 New Madrid earthquake, and so on). Management should also apply the scenarios used in the standard formula on a dynamic basis, to take account of their impact on future years’ results and solvency.

6. Capital management

- Capital and cash flow planning – How does the insurer plan to fund its operations in the future? What is its financial flexibility? How can the insurer deal with unexpected capital needs, esp. under stress conditions?

- Quality of capital funds – How large is the insurer’s dependence on lower quality capital instruments (e.g., hybrid instruments, contingent capital, guarantees and other forms of implicit or explicit support from parent/affiliate companies)? Is the current level of dependence sustainable?

7. Reinsurance and other risk-mitigation strategies

- Reinsurance offers a flexible and effective way to reduce solvency needs in many circumstances. It can replace capital, especially when raising capital is too difficult or time-consuming, but it is not always a perfect solution. The insurer should use the ORSA to plan its use of reinsurance and other risk-mitigation techniques in advance and assess their limitations. Management should thus assess the following:

  - Current and planned use of reinsurance and other insurance risk transfer techniques (e.g., CAT bonds, etc.).
  
  - Current and planned use of financial risk-mitigation techniques (hedging of investment portfolios with derivatives, etc.).
  
  - Limitations and additional risks generated by the use of reinsurance and other risk-mitigation techniques (e.g., basis risk, counterparty default risk, reinsurance dependency, concentration risk, intra-group dependency).

Module 3: ORSA validation and ERM assessment

The purpose of the third and last module of the ORSA is to validate the tools and processes used and assess the insurer’s ability to react to adverse events. Under Solvency II, an insurer’s Board of Directors (or the equivalent top management entity) is expected to challenge the results of the ORSA and follow up on any issues identified in the process. However, the best designed ORSA cannot be effective as long as its results are not promptly turned into actions. This requires a robust risk management framework in which the insurer’s risk appetite is translated in a set of risk tolerances, or limits, for individual risk exposures. Risk tolerances must then be monitored and enforced, and any emerging risks must be quickly identified, measured and managed. We group all these different activities under the heading ‘ORSA Validation and ERM Assessment’.

The third module of the ORSA, therefore, should comprise an assessment of the following topics:

8. ORSA governance

- How has the Board challenged the assumptions, tools, processes, and results of the ORSA until now? Does the Board believe that the ORSA has been effective and thorough as prescribed?

- When would the ORSA be re-run? What are the events that can trigger a new ORSA (in addition to the usual annual frequency), according to the insurer’s risk management policy?

- What actions have been taken in the past to follow up on ORSA results? For example, how has management reacted to forecast capital gaps or an inconsistency between planned business growth and available capital funds? Was the management’s reaction correct, prompt, efficient, successful?

9. ORSA embedding

- How does the insurer translate its (aggregate) risk appetite into exposure limits, or risk tolerances, for individual products/lines of business/investment portfolios?

- How is capital internally allocated in a way consistent with risk tolerances?

- How are risk tolerances monitored and enforced? How is the internal capital allocation monitored and enforced?

10. Internal model change policy

- If the insurer uses an internal model, what is the insurer’s internal model change policy?

11. Emerging risk management

- How are emerging risks identified, assessed, measured, and managed?
The group ORSA

Article 246 of the Solvency II Directive extends the requirement to undertake the ORSA to insurance groups. The group ORSA is distinct from the individual assessments for a group’s insurers. Parent companies, however, may ask to undertake the group and individual ORSAs at the same time and prepare only one report. Permission to do so is granted by the group supervisor after consulting all of the other members of the college of supervisors. The ORSA report shall be sent to each of them.

The group ORSA covers the same topics of the individual assessment but at group level. In addition, some risks and other issues that are specific to insurance groups have also to be assessed. Article 246 states, in particular, that when the group has adopted the accounting consolidation-based method to calculate its solvency requirements, the parent company ‘... shall provide to the group supervisor a proper understanding of the difference between the sum of the Solvency Capital Requirements of all the related insurance or reinsurance undertakings of the group and the group consolidated Solvency Capital Requirement’. This serves to assess the magnitude and credibility of any diversification benefits obtained by the group.

The three-module structure of the ORSA that we have suggested for individual insurers can be also applied to groups. Below we provide a list of issues that appear at group level. Note that they do not fit into just one of the three modules we suggested for the ORSA. Most of them will have to be examined for the group as it is now and on a prospective basis, thus being covered in two of our modules. For example, group structures are rarely constant; the internal consistency and feasibility of any acquisition plan will then have to be assessed in the ORSA.

Group-specific issues in the ORSA:

• Group structure – What is the legal form of the parent company? What is the nature of its links with subsidiaries (e.g., direct/indirect ownership, joint venture, management control due to specific agreements with partners, etc.)?

• Nature of groups subsidiaries – What is the role and size of non-insurance regulated subsidiaries (banks, investment firms)? Of non-regulated subsidiaries? Of foreign subsidiaries? What level of control does the group have on its foreign subsidiaries? Insurance and other subsidiaries based outside the area covered by Solvency II (or equivalent jurisdictions) could pose particular problems for data collection, risk control and currency risk.

• Internal organization – How does the parent company management steer the group? Which business functions have been concentrated at group level, and which ones have been left to individual subsidiaries? How are risks controlled and managed by the parent company?

• Intra-group support and contagion risk – How does the group support its subsidiaries? Possibilities to be discussed include: share ownership, intra-group loans, internal reinsurance, guarantees. What is the level of capital fungibility in the group? In other words, how easily can the parent company transfer excess capital from one subsidiary to another in case of need? Also, what is the risk of problems at one subsidiary spreading to the rest of the group (contagion risk)?

• Group SCR calculation – If the group uses an internal model, which subsidiaries (if any) do not use the model, and why? The group may decide to use the standard formula for subsidiaries whose risk exposures are considered not material for the group. If that is the case, the threshold of materiality used has to be discussed and justified in the ORSA.

• Scenario analysis and stress tests should be extended to consider group interdependencies, contagion risks, and capital fungibility.

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2 Article 246 applies to ‘participating insurance or reinsurance undertakings’ and ‘insurance holding companies’, as defined in the European Directives.
Delivering the news: ORSA documentation and reporting

The ORSA could be likened to a crime scene investigation. In both cases, the objective is clear – to identify the killer in the CSI, to assess the insurer’s solvency in the ORSA – but the tools and techniques actually used will depend on the circumstances. Fingerprints could be compared to those in the police database, organic material subject to DNA analysis, bullets traced to the gun used to shoot the victim.

In the same way, supervisors expect insurers to choose the focus, scope and tools of their ORSA according to the nature, complexity and scale of the risks they are exposed to. What lines of business does the insurer write? Is it a small mutual serving its domestic market only or a multi-line group active in several different countries? There cannot be a universal template applicable to all situations.

We can follow the analogy one step further. To close the case, detectives have to sit down at their desks and write a report that summarizes the evidence in a convincing way. While investigation techniques may vary from case to case, the format and contents of the report are more or less standard, to make easy reading for grumpy captains and fastidious prosecutors.

The Solvency II equivalent of the crime case report is the ORSA report. As for the ORSA itself, there is no detailed prescriptive guidance on the ORSA report either in the Solvency II Directive or in EIOPA documents. EIOPA’s latest consultation paper includes an extensive list of requirements that insurers will have to satisfy to ‘appropriately evidence and internally document the ORSA process and outcome’ (cf. EIOPA, CP-11/008, pp.15ff.). The document is, however, much shorter on detail on internal and external reporting, covered by Guideline 6 (see box).

ORSA reporting: Guiding principles

‘(…) at least information on the results and conclusions regarding the ORSA should be communicated to all staff for whom the information is relevant. (…) The internal report developed by the undertaking could be the basis of the ORSA supervisory report. If the undertaking considers that the internal report has an appropriate level of detail also for supervisory purposes, then the same report may be submitted to the national supervisor.’

(EIOPA, CP-11/008, p.17)

It is possible, however, to identify a number of key requirements which follow directly from Solvency II fundamental principles. Once again, it will be up to each insurer to decide how these requirements should be satisfied in practice according to the nature, scale and complexity of its business risks.
ORSA documentation and reporting requirements:

- **Target audience** – Contents and level of detail of the ORSA report will of course depend on its readers’ interests and level of knowledge. In its final advice on supervisory reporting and public disclosure requirements EIOPA recommended to include a *description* of the ORSA process in the Solvency and Financial Condition Report (SFCR), but to provide the ORSA *results* only in the Report to Supervisors (RTS) (cf. https://eiopa.europa.eu/fileadmin/tx_dam/files/consultations/consultationpapers/CP58/CEIOPS-L2-Final-Advice-Supervisory-Reporting-and-Disclosure.pdf - p.40). Recall that the information in the SFCR is directed to outside analysts and the general public.

- **Other stakeholders** – There are two more parties interested in the ORSA: the insurer’s Board (or equivalent administrative body) and its management. The Board has to challenge the ORSA’s methodology and results, to ensure the process’s effectiveness and the validity of its outcome for decision-making. Management have to base their strategic decisions on the results of the ORSA, in accordance with the ‘embedding’ requirements discusses above.

- **Documentation of ORSA processes** – The actual contents of the ORSA report will vary according to the nature, scale and complexity of the risks to which the insurer is exposed. In our view, the modular structure described earlier provides a natural list of contents for the ORSA report. It is, however, crucial that the insurer can provide a record of the assumptions, tools, methodologies and results for each item in the list. The insurer has to be able to prove the validity of the ORSA results, summarised in the report, to supervisors.

- **Level of detail** – The level of detail appropriate to the ORSA report and process documentation should be sufficient to enable a third party to understand how the ORSA has been conducted, assess its effectiveness (Board) and use its results for decision-taking (insurer’s management).

- **Frequency of ORSA report** – In general, an ORSA report should be produced every time the ORSA is actually run. This will typically happen on a yearly basis. Exceptional circumstances, however, may require the insurer to re-run the ORSA before the standard deadline. If that is the case, a new report has to be prepared and presented to supervisors. The new report, however, could only update the parts that are not relevant anymore, while keeping the rest.
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