

Invitation to a Course on Risk Management in Insurance

Value and risk based management with special consideration of Solvency II

14th to 17th April 2014
Salzburg University

- Lecturers:
- Prof. Dr. Heinrich Schradin
Chair of General Business Administration, Risk Management and Insurance
at Cologne University
Visiting professor at Salzburg University
- Wolfgang Herold
Financial Supervision of Insurance and Pension Companies
Financial Market Authority (FMA), Vienna
Visiting professor at Salzburg University
- Ákos Gröller
Free-lance cash flow modelling and valuation expert, Budapest
(until 2013 ING Insurance CRE, Budapest)
- René Knapp
Group Chief Actuary
UNIQA Insurance Group, Vienna
Actuary AVÖ (Aktuarvereinigung Österreichs, Actuarial Association of Austria)
- Dr. Johann Kronthaler
Senior Manager, Audit
KPMG Austria, Vienna
Actuary AVÖ (Aktuarvereinigung Österreichs, Actuarial Association of Austria)
- József Szabó
National Office for Rehabilitation and Social Affairs, Budapest
(until 2012 Chief Risk Officer, ING Insurance Poland, Warsaw)
Actuary MAT (Magyar Aktuárius Társaság, Hungarian Actuarial Society)
- Dates:
- | | |
|------------|--------------------------------------|
| Monday, | 14 th April, 9.00 – 17.30 |
| Tuesday, | 15 th April, 9.00 – 17.30 |
| Wednesday, | 16 th April, 9.00 – 17.30 |
| Thursday, | 17 th April, 9.00 – 12.30 |

Contents: On the basis of the fundamental principles of the risk management process methods, strategies and instruments will be systematically developed and discussed. Recent developments in the field of insurance regulation, especially in the context of Solvency II, will be dealt with in detail. Internal models used to determine solvency capital requirements will be studied, and the transition from risk based management to value based management will then be effected. Specific problems will be addressed comprehensively, e.g. the allocation of the risk based capital, the substantiation of an appropriate cost rate of capital, the calculation of a segment-related value contribution, and the introduction of a risk bearing capacity system.

The course covers all theoretical and practical aspects of modern risk management for insurance companies and pension funds required to become a fully qualified actuary according to the education syllabus of the International Actuarial Association and the core syllabus of Groupe Consultatif as well as according to the regulations of the Actuarial Association of Austria (AVÖ), which correspond to the regulations of the German Actuarial Association (DAV). For continuing professional development (CPD) the course counts as 21 hours.

The course is suited to all those who want to acquire knowledge of risk management in insurance. It is also of interest to experienced practitioners. In line with the current developments with respect to Solvency II the course differs significantly from the same-titled courses in 2008 and 2011. Please find the detailed programme on the following two pages.

Course fees: €594 without hotel accommodation, €954 with accommodation from Sunday to Thursday (4 nights) in the Castellani Parkhotel including breakfast. Lunches and coffee breaks are included in the fees for all participants.

Information: For further information, please contact Sarah Lederer by e-mail (sarah.lederer@sbg.ac.at) with your telephone number. Your questions will be answered as soon as possible.

Registration: Please send the attached registration form by post or by e-mail (sarah.lederer@sbg.ac.at), or fax it to +43 662 8044 155, and arrange for the amount to be transferred (at no cost to the recipient) to the following account before 28th February 2014. After this date registration with hotel accommodation is only possible upon request. The registration and payment deadline for participants who do not need accommodation is 21st March 2014.

Salzburg Institute of Actuarial Studies (SIAS)
IBAN: AT79 2040 4000 0001 2021 BIC: SBGSAT2S

Location: Unipark Nonntal, Lecture Hall 1
5020 Salzburg, Erzabt-Klotz-Straße 1

Programme

Session 1 daily 9.00 – 10.30
Session 2 daily 11.00 – 12.30
Session 3 daily 14.00 – 15.30
Session 4 daily 16.00 – 17.30

Monday, 14th April 2014

- 1 Fundamentals of risk management** (*H. Schradin*)
 - a. Introduction
 - Different meanings of risk
 - Types of risk
 - Risk management process
 - b. The need for a risk management objective
 - Overall principles of risk management
 - Value maximization and the cost of risk

- 2 The risk management process I** (*H. Schradin*)
 - a. Risk identification
 - Causes and effects of risk
 - Risk analysis
 - b. Risk measurement
 - Qualitative methods
 - Quantitative methods

- 3 The risk management process II** (*H. Schradin*)
 - a. Risk management strategies
 - Loss control
 - Loss financing techniques
 - Internal risk reduction
 - b. Risk modelling

- 4 External loss financing: reinsurance and alternative risk transfer** (*H. Schradin*)
 - a. Function of reinsurance
 - b. Types of reinsurance
 - c. Finite reinsurance
 - d. Alternative risk transfer

Tuesday, 15th April 2014

- 1 Risk management and value of the company** (*H. Schradin*)
 - a. Principles of business valuation
 - Embedded Value
 - Appraisal value
 - Economic Value Added
 - b. Cash flow modelling
 - c. The concept of cost of capital
 - Capital requirement
 - Capital allocation: problem and technique
 - Opportunity cost of capital

- 2 Decision making in a value based management framework** (*H. Schradin*)
 - a. Case study
 - b. Evaluating the Economic Value Added
 - Lines of business in property and casualty insurance
 - Reinsurance and retention

- 3 **Solvency II – The new regulatory risk framework at a glance** (*J. Kronthaler*)
 - a. Pillar 1
 - Calculation of the Solvency Capital Requirement (SCR)
 - Analysis of the main drivers of the SCR
 - b. Pillar 2
 - Principle qualitative requirements
 - Roles of the Actuarial Function and the Risk Management Function
 - c. Pillar 3
 - Disclosure
 - Reporting

- 4 **Supervisory requirements for risk management** (*W. Herold*)
 - a. IAIS Principles and Standards
 - b. Organisational requirements from a supervisor's perspective
 - c. Risk functions and processes
 - d. Current findings in risk supervision

Wednesday, 16th April 2014

- 1 **Approaches to determine an appropriate risk bearing capacity** (*J. Kronthaler*)
 - a. Determining the company's risk appetite
 - b. Deriving a fitting risk strategy
 - c. Requirements with respect to the Own Risk and Solvency Assessment (ORSA)
 - d. Interaction of the company's risk bearing capacity strategy with the ORSA

- 2 **Solvency II – Status of implementation and practical insights** (*R. Knapp*)
 - a. Organisation and governance
 - b. The 3 pillars – practical relevance and current implementation status
 - c. Implementing value based management
 - d. Lessons learnt

- 3 **Solvency II – Internal models for liabilities** (*R. Knapp*)
 - a. A general approach – targets, methods and scope
 - b. Comparing the standard approach to an internal model
 - c. Modelling life and non-life business
 - d. Results and significance

- 4 **Discrepancies between swap rates and government bond rates outside the euro area** (*Á. Gröller and J. Szabó*)
 - a. Comparison of selected CESEE capital markets regarding fixed income securities
 - b. Swap rates vs. government rates – sources of differences and their importance for insurers
 - c. Possible resolutions and their impact on business appraisal and risk assessment
 - d. Rate curve adjustment in an ALM framework

Thursday, 17th April 2014

- 1 **Solvency II – Internal models for assets** (*W. Herold*)
 - a. Legal framework
 - b. Interest rate modelling
 - c. Modelling spread risk
 - d. Equity risk assessment
 - e. Property risk models

- 2 **Discussion / exam preparation** (*W. Herold*)