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SOLVENCY II PILLAR 3

EIOPA GUIDELINES & OMD II VOTE HAVE GIVEN RENEWED FOCUS AND MOMENTUM TO SOLVENCY II (SII) PROGRAMMES

WHAT ARE THE KEY THEMATIC PRIORITIES RIGHT NOW ACROSS EMEA?

1 Good Progress on Quantification
- Pillar 1 generally well progressed
- Seek external assurance & validation

2 Pillar 2 - Current Focus
- Shift in emphasis from regulatory translation to delivery
- Current focus - How do you operationalise the FLAOR process?

3 Reporting - Next Challenge
- Dust-off high level gap analysis
- Target dry run / parallel in 2015

4 Data – Hidden Pillar
- High interest for several NCA's across EMEA
- Remains a major challenge in spite of investment to date

EUROPEAN INSURERS ARE TURNING THEIR ATTENTION TO PILLAR 3

WHAT IS DRIVING THIS INCREASED ACTIVITY ACROSS EUROPE NOW?

Awareness of Challenge
- Tactical v strategic solutions
- Accelerate working day timetable
- Complexity of IT
- (Asset) Data Sources

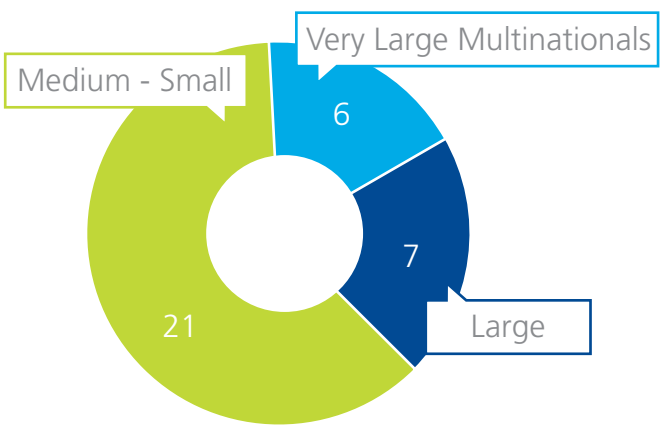
EIOPA & Europe
- 'In Denial' is no longer a plausible strategy

Increased Capacity
- Good progress on developing Pillar 1 & 2 capability

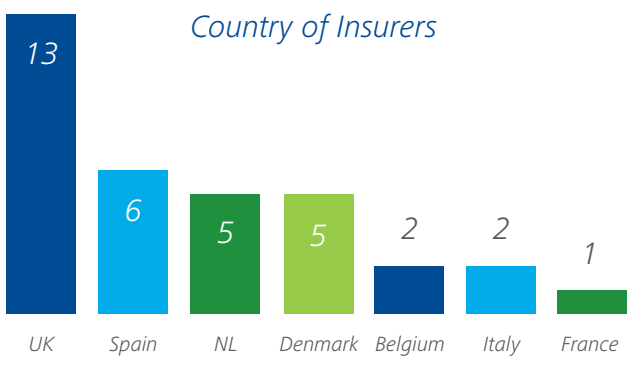
Local NCA influence
- Push back on IM approvals
- Emphasis on Data Quality & Governance

SNAP SURVEY OF EMEA INSURERS PILLAR 3 PREPAREDNESS

At Q2 2014, we benchmarked a number of European Insurers in-flight Pillar 3 projects



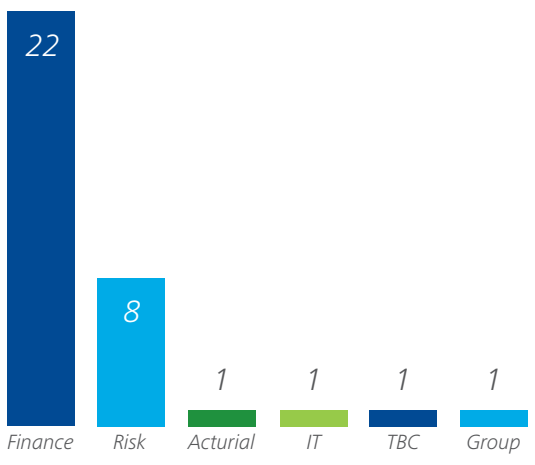
In Q2 2014, we independently and objectively assessed over 30 Insurers SII Pillar 3 project status and level of operational readiness.



Our snap survey of 34 Insurers reflects a broad spectrum of European Insurers, both in terms of geography and size. The results provide a real time snap of where European insurers are on Pillar 3 operational readiness.

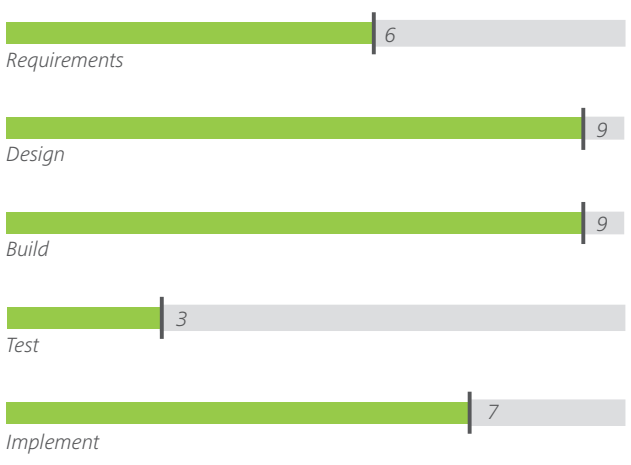
RESULTS

1 Sponsoring Fuction of Pillar 3 Project



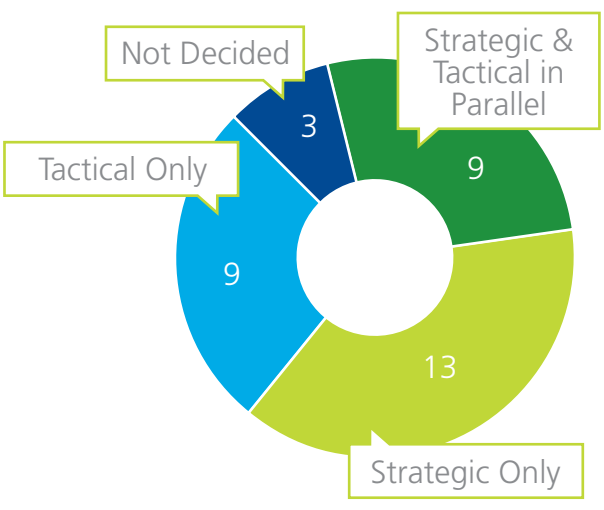
The majority of Pillar 3 projects (65%) are being sponsored by the Finance function with the Risk Function (24%) a distant second

2 Project Stage



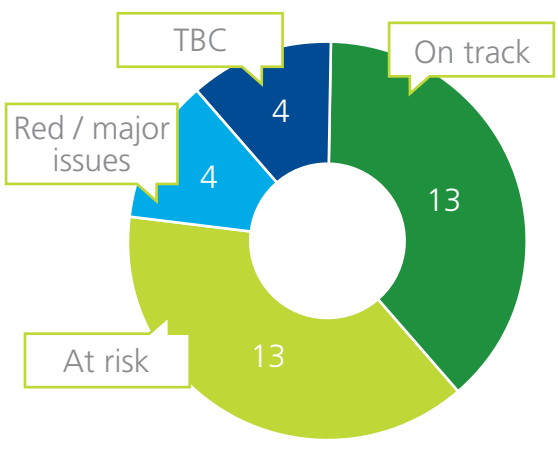
The firms in our Pillar 3 snap survey are representative of all stages across the project lifecycle

3 Delivery Approach



Almost 40% of the firms in our survey are implementing their strategic Pillar 3 solution directly, whereas the remainder are equally divided between a tactical solution and delivering both a tactical and strategic solution in parallel.

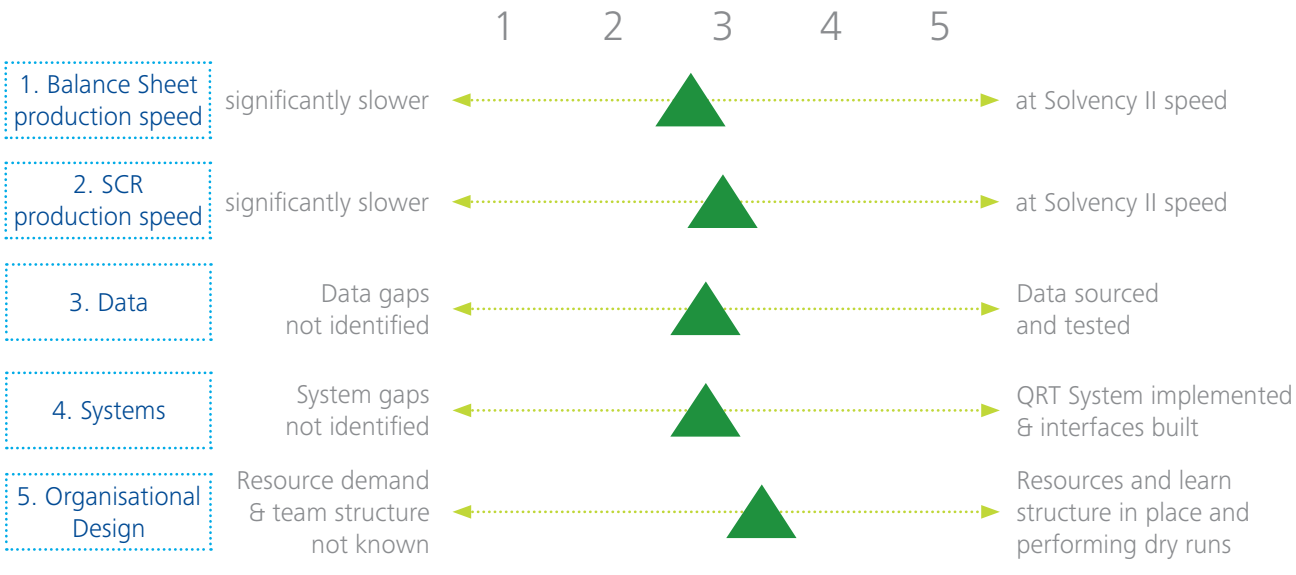
4 Pillar 3 Project Status



Our assessment is that less than 50% of pillar 3 projects in our survey are on track. This may reflect the complexity of pillar 3 projects and the competing draw on resources from other in-flight Solvency II projects.

OPERATIONAL READINESS

ALTHOUGH MOST OF THE PROJECTS WERE IN BUILD & TEST STAGES, OUR SNAP SURVEY SUGGESTS, THERE IS A LONG WAY TO GO BEFORE PILLAR 3 IS OPERATIONALISED…



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