

## **Invitation to a Course on Risk Management in Insurance**

### **Value and risk based management with special consideration of Solvency II**

27<sup>th</sup> April 2011 to 30<sup>th</sup> April 2011  
Salzburg University

Lecturers: Prof. Dr. Heinrich Schradin  
Chair of General Business Administration, Risk Management and Insurance  
at Cologne University  
Visiting professor at Salzburg University

Dr. Peter Braumüller  
Chairman of the Executive Committee of the International Association  
of Insurance Supervisors (IAIS)  
Managing Director for Insurance and Pension Companies Supervision  
at the Austrian Financial Market Authority (FMA)  
Actuary (AVÖ)  
Visiting professor at Salzburg University

Dr. Johann Kronthaler  
Actuarial Issues and Models  
Austrian Financial Market Authority (FMA)

Dr. Dominique Wagner  
Actuarial Issues and Models  
Austrian Financial Market Authority (FMA)

Dates: Wednesday, 27<sup>th</sup> April, 9.00 – 17.30  
Thursday, 28<sup>th</sup> April, 9.00 – 17.30  
Friday, 29<sup>th</sup> April, 9.00 – 17.30  
Saturday, 30<sup>th</sup> April, 9.00 – 12.30

**Contents:** The course covers all theoretical and practical aspects of modern risk management in insurance 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.

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 and the calculation of a segment-related value contribution.

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. Please find the detailed programme of the course on the following two pages.

**Course fees:** €498 without hotel accommodation, €858 with accommodation from Tuesday to Saturday (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](mailto: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](mailto: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 11<sup>th</sup> March 2011. 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 31<sup>st</sup> March 2011.

Salzburg Institute of Actuarial Studies (SIAS)

IBAN: AT 792 040 400 000 012 021 BIC: SBGSAT2S

**Location:** Faculty of Science, Lecture Hall 401  
A-5020 Salzburg, Hellbrunner Straße 34

# 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

## Wednesday, 27<sup>th</sup> April 2011

- 1 Risk and its management, objective of risk management** (*H. Schradin*)
  - a. Different meanings of risk
  - b. Sources of risk
  - c. The need for a risk management objective
  - d. Value maximization and the cost of risk
  
- 2 Risk identification** (*H. Schradin*)
  - a. Causes and effects
  - b. Risk map
  - c. Main categories of risk
  
- 3 Risk measurement** (*H. Schradin*)
  - a. Qualitative methods
  - b. Quantitative methods
    - i. Symmetric risk measures
    - ii. Asymmetric risk measures
  
- 4 Risk management strategies** (*H. Schradin*)
  - a. Risk management methods
    - i. Loss control
    - ii. Loss financing techniques
    - iii. Internal risk reduction
  - b. Pooling independent losses
  - c. Pooling with correlated losses

## Thursday, 28<sup>th</sup> April 2011

- 1 Reinsurance** (*H. Schradin*)
  - a. Function of reinsurance
  - b. Types of reinsurance
  - c. Finite reinsurance
  - d. Alternative risk transfer
  
- 2 Insurance regulation** (*J. Kronthaler and D. Wagner*)
  - a. Scope of insurance regulation
  - b. Solvency regulation according to Solvency I
  - c. The idea of Solvency II

- 3 **Solvency II, 1<sup>st</sup> pillar** (*J. Kronthaler and D. Wagner*)
  - a. Principles of valuation
  - b. Eligible own funds
  - c. Calculation of the capital requirements (SCR, MCR)
  
- 4 **Solvency II, 2<sup>nd</sup> and 3<sup>rd</sup> pillar** (*J. Kronthaler and D. Wagner*)
  - a. Internal control and risk management
  - b. Supervisory standards and practices
  - c. Public disclosure and supervisory reporting

**Friday, 29<sup>th</sup> April 2011**

- 1 **Solvency II, further topics** (*J. Kronthaler and D. Wagner*)
  - a. Group supervision
  - b. Internal models
  - c. Quantitative impact studies
  
- 2 **Supervisory requirements for risk management and solvency from a global perspective** (*P. Braumüller*)
  - a. IAIS Principles and Standards
  - b. Recommendations by the G20 and the Financial Stability Board
  - c. Systemic relevance and systemic risk
  
- 3 **Risk management and shareholder wealth** (*H. Schradin*)
  - a. Principles of business valuation
    - i. Embedded Value
    - ii. Appraisal value
    - iii. Economic Value Added
  - b. Cash flow modelling
  - c. Capital requirement and opportunity cost of capital
  
- 4 **Risk based capital allocation** (*H. Schradin*)
  - a. Problem definition: Counting back diversification
  - b. Allocation approaches
    - i. Statistic models
    - ii. Game theory
    - iii. Simplified practices

**Saturday, 30<sup>th</sup> April 2011**

- 1 **Decision making in a value based management framework** (*H. Schradin*)
  - a. Reasons for a cost rate of capital
    - i. Financial theory
    - ii. Simplified practices
  - b. Evaluating the Economic Value Added
  
- 2 **Discussion / exam preparation** (*H. Schradin*)