

# Meeting the challenges of Solvency II within ING CRE

Frederick Lathioor  
ING Insurance Central and Rest of Europe, Risk Manager, RAS  
team

Balatonvilágos – 19 May 2012  
Lathioor.Frederick@ing.hu

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES



## Content

- Internal Model within ING Insurance
- Key Principles underlying the internal model
- Data quality key for risk measurement
- Value and Risk reporting 'as is situation'
- Value and Risk reporting 'target solution'



## Internal Model within ING Insurance

**The Internal Model** is defined as the **risk measurement framework** which includes:

- methodologies,
- policy documents,
- systems and tools.

Developed for risk measurement and which are used to support:

- business decisions,
- risk management
- and risk reporting.



## Design principles for an internal model?

### Principles

#### Purpose of risk measurement:

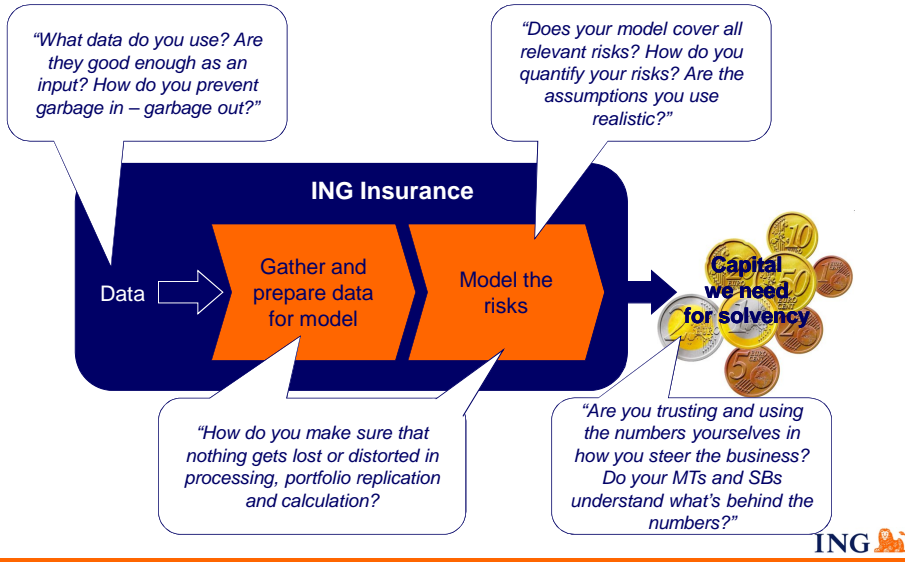
- Facilitate and encourage **adequate risk management** at all levels in the organisation and hence capital and value management;
- Support the development and **monitoring risk exposure versus risk appetite**;
- **Support** product pricing, investment, reinsurance and capital **allocation decisions**;
- Internal and external **risk (capital) reporting**.

#### What is "good" risk measurement:

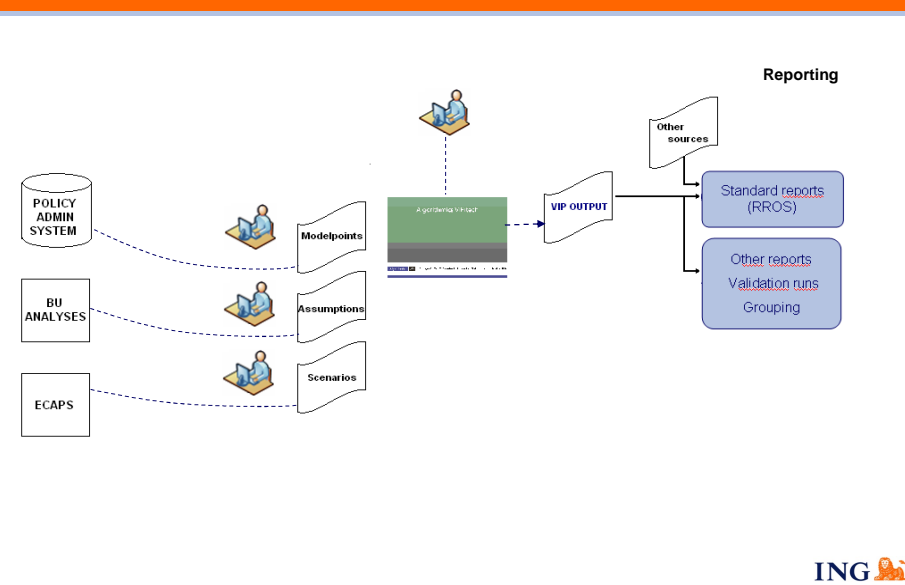
- Capture all **material risks** in our business **accurately**;
- **Granularity** of risk modelling in **proportion** with risk application;
- Measure risk **consistent** across risk types, businesses; (geographic) and business decisions (pricing, valuation, investment, risk limits, risk transfer);
- Risk Modelling is **focussing** on our **companies' risk profile**.
- **Sound model governance** supported by **sufficient documentation** capturing underlying assumptions and **potential shortcomings**;
- All risk measurement needs **adequate independent review** based on materiality and **proportionality** principles.



## Data quality key element for risk measurement



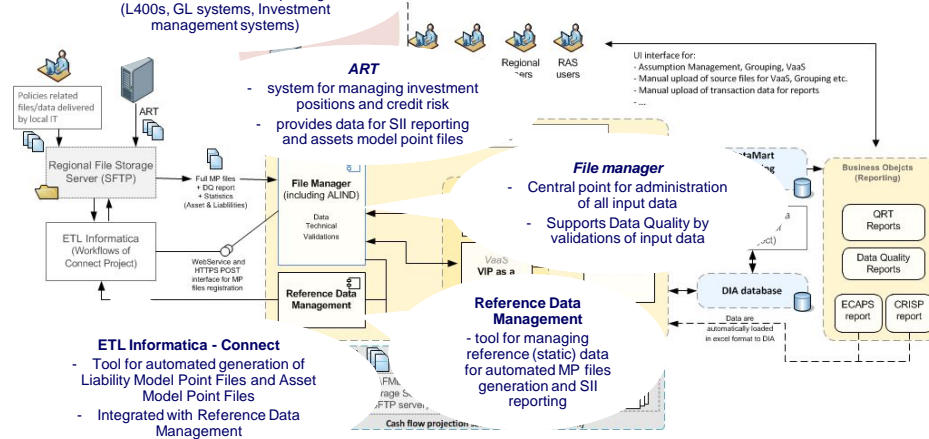
## Value&Risk reporting 'as is situation'



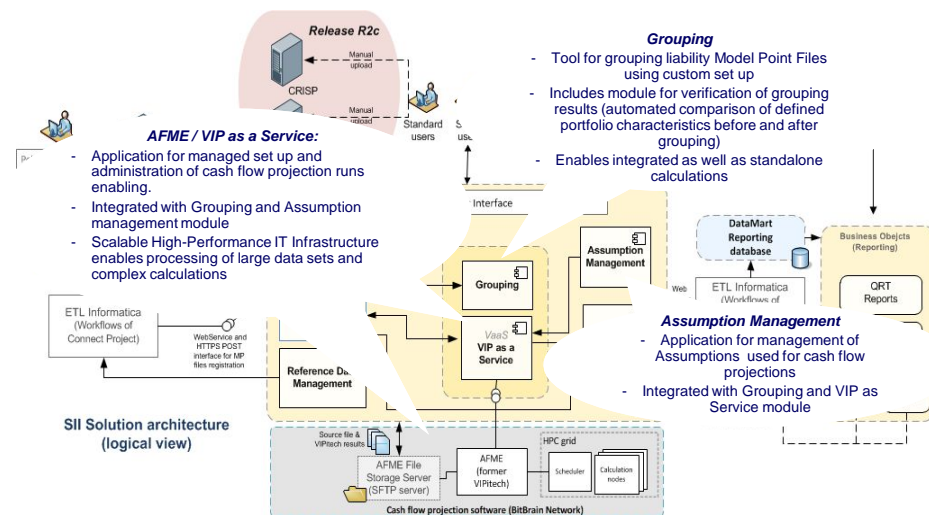
# Value&Risk reporting 'target solution'

## Local primary systems

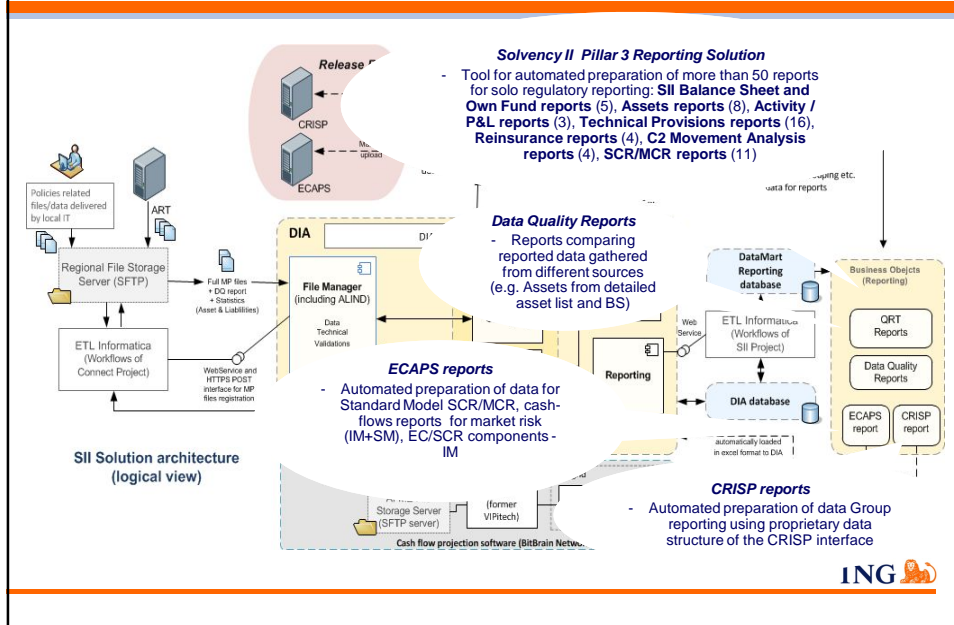
- source for Liability Model Point Files and other data for SII reporting (L400s, GL systems, Investment management systems)



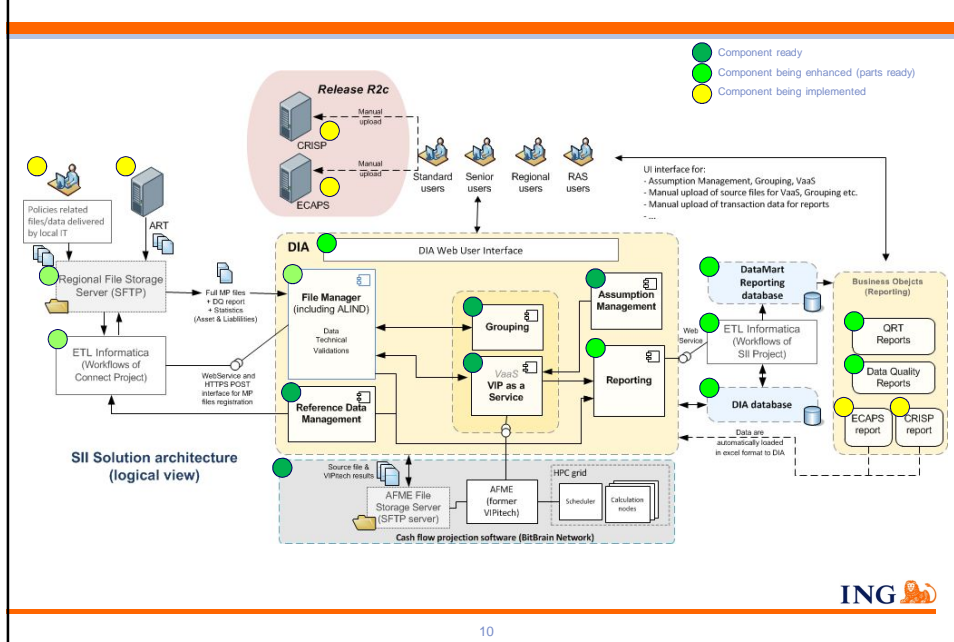
# Value&Risk reporting 'target solution'



# Value&Risk reporting 'target solution'



# Solution architecture overview: status of readiness



# Questions?



## Disclaimer

Certain of the statements contained in this release are statements of future expectations and other forward-looking statements. These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things, (i) general economic conditions, in particular economic conditions in ING's core markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations, and (x) changes in the policies of governments and/or regulatory authorities. ING assumes no obligation to update any forward-looking information contained in this document.

[www.ing.com](http://www.ing.com)

