

Actuarial & Insurance Solutions (AIS)

Reserving & Forecasting



Background

Reinsurance owners, executives and senior leadership hold several important responsibilities that rely on the timely delivery of quality, well-controlled results. When constructing these results, it is critical to ensure the purpose of the calculations is clear, the expectations of stakeholders are understood, a strong level of technical expertise and review is in-place and that processes and systems have been developed and configured to best execute, review and communicate results. Success results in the ability to demonstrate resilience, performance and provide valuable business insights.

One of these key requirements is for financial statements to be audited (all Classes), a demonstration of solvency and capital resilience, as well as for the production and peer review of a valuation report (required for insurers writing long-term business).

To fulfil these requirements, as well as the requirements of other stakeholders, insurers work with actuaries to:

1. Set assumptions - reinsurance reserves and capital are generally very sensitive to their assumptions. These assumptions may be developed using one or a combination of a/an (re)insurers own experience, benchmarking data and publicly available information.
2. Develop and run the modelling of loss reserves - These models allow the insurer to provision for unexpired and expired risk, including the treatment of expenses and an allowances for risk and discounting where relevant.
3. Model functionality for capital output - (Re)insurers pair their loss reserving functionality with accounting data to calculate their capital requirement and solvency position. The capital requirement is often considered beyond the core regulatory requirement to analyze a view of results that are:
 - I. Economic/best estimate,
 - II. From the perspective of the credit rating agencies capital thresholds,
 - III. Specific to own risk appetite & confidence level
4. Align with accounting, validating actuarial output to the accounting ledger, financials, disclosures and reports.
5. Review and validate ceding entity policy movements, claims and underwriting
6. Forecast results, often including the accounting and capital components under a range of scenarios and from different perspectives for different audiences.

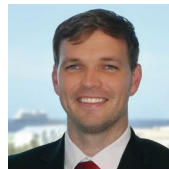
Opportunities with Deloitte

(Re)insurers who use the right people with the right toolkit and expertise can position their business in good stead for insights, growth and efficiency. Deloitte can assist with:

1. Appointed Actuary and Peer Review Actuary services
2. Setting or optimizing the actuarial strategy, including optimizing the connectedness of actuarial with the rest of the business
3. Advising on complex accounting decisions, in particular U.S. GAAP and STAT reporting, and the implementation of ASC 820 (Fair Value Measurement) which are prominent topics in the Bermuda and Caribbean regions
4. Setting assumptions that make the best use of available data
5. Developing or refining reserving models to produce actuarial output, including the use of internal models if appropriate
6. Developing or refining capital models to produce actuarial output, including the use of internal models if appropriate
7. Investigating and explaining the reasons for actual experience being different to expected
8. Reviewing and validating output from reinsurers or external parties
9. Forecasting reserve, capital and solvency results and generating forecasted income statements, balance sheets
10. Appraisal value calculations
11. Cross-jurisdiction analysis
12. Optimizing the use of data to feed-back into assumption setting, anomaly and outlier detection and adjustment
13. Understanding the implications of different structures and business decisions on results

Our team of experts are experienced in the Bermuda and Caribbean markets, bringing a wealth of expertise with respect to U.S. GAAP, U.S. Statutory, and IFRS reporting. We regularly engage with our global network, allowing us to provide insights on the latest industry context and trends.

We look forward to supporting you.



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