

ORSA

Modelling, Scenarios and Embedding

EAAC, Singapore

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What is the ORSA?

Regulatory codification of ERM which describes...

... a business process ...

... to bring the risk and uncertainty narrative into decision making.



What Question is the ORSA answering?

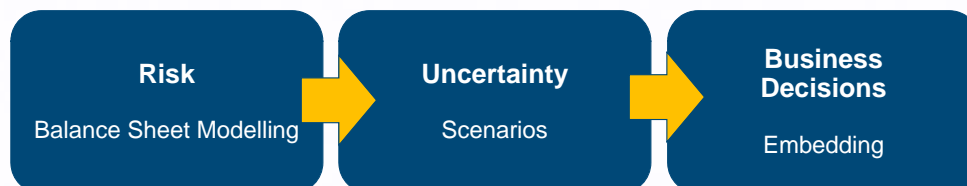
What business decisions do we need to take given we are exposed to risk and uncertainty?

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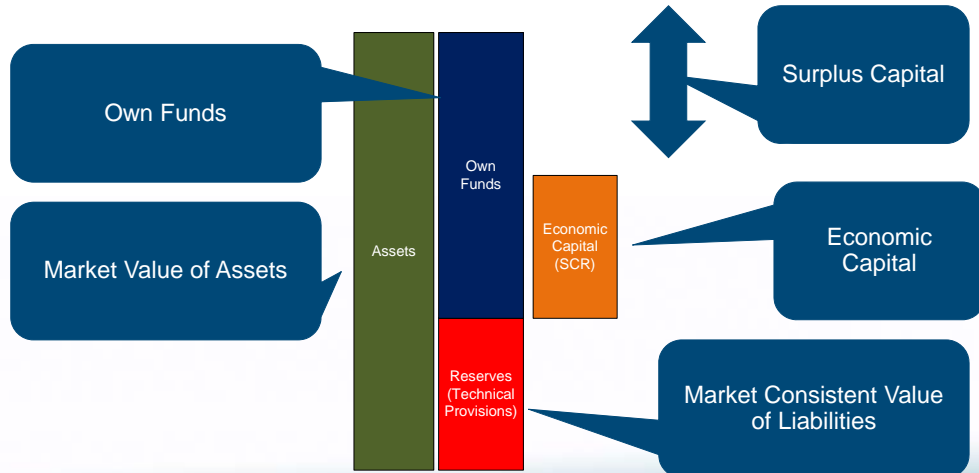


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Balance Sheet Modelling

The Basics

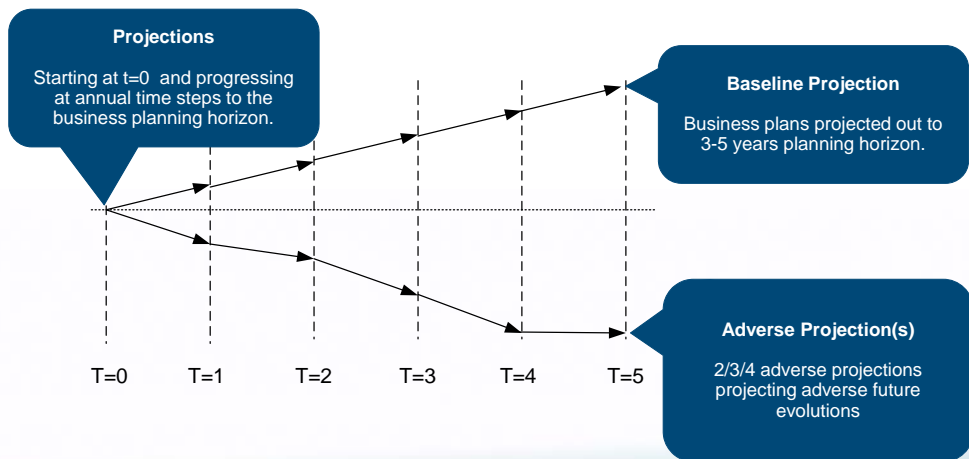


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Balance Sheet Modelling

Typical ORSA Projections



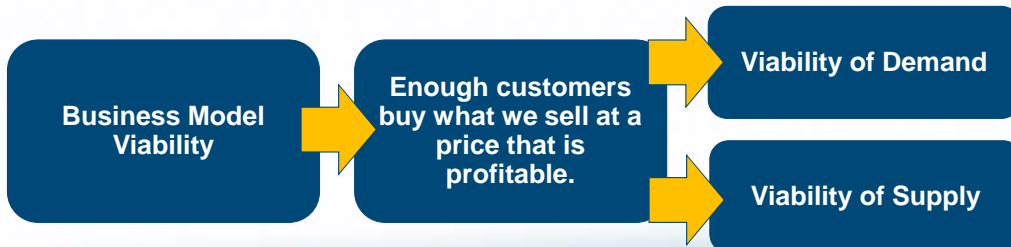
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Scenarios

What key question are scenarios answering?

What could break our business model?

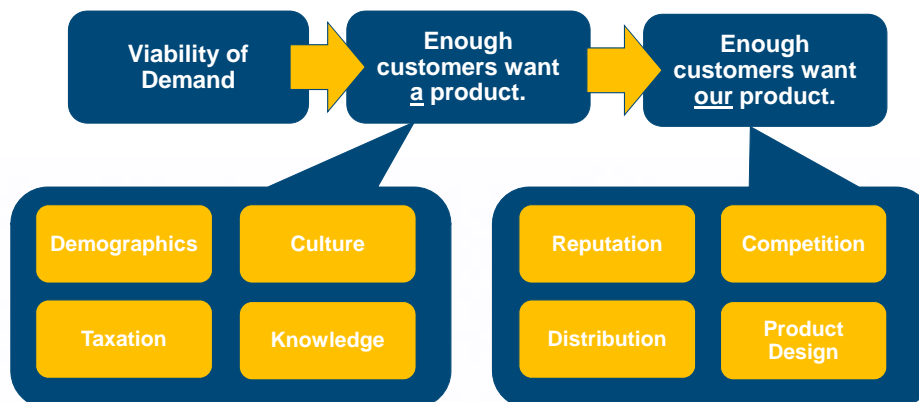


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Scenarios

The viability of demand

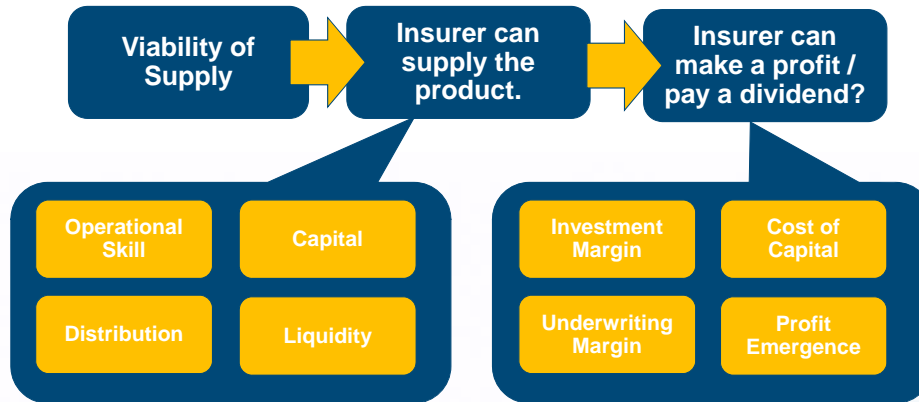


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The viability of supply



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Scenarios

A second question are scenarios answering?

What important dynamics is our risk model not capturing?



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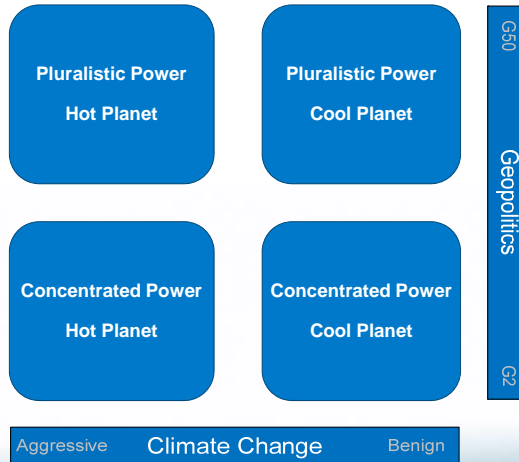
Scenarios

Choosing the scenarios – simple example

Two large – but (probably) independent global uncertainties - are considered.

The toolkit is used to explore each of these worlds and how they impact the supply and demand factors for insurance.

Other dimensions could be population growth, connectivity, or one of the other limits to global growth.



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Embedding

What does embedding of the ORSA mean?

Do business decisions take account of a risk and uncertainty perspective?

How are decisions taken?

What is the best way to get risk / uncertainty narrative discussed?

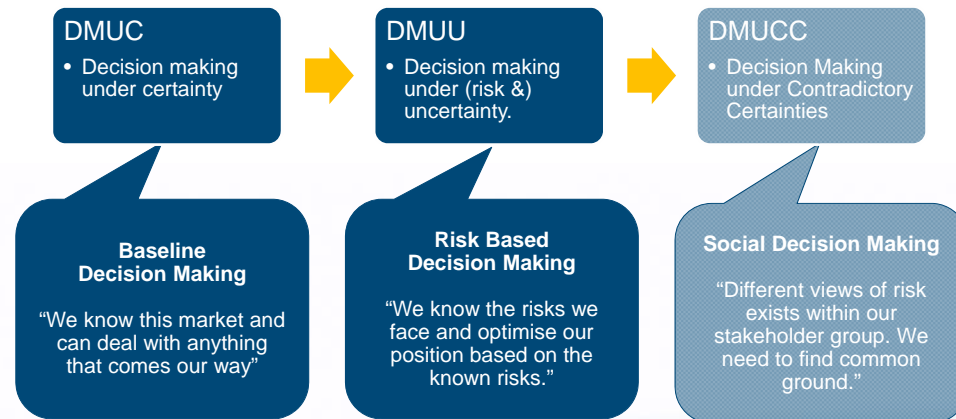
Are decision makers involved in the risk modelling?

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Embedding

How are decisions taken?

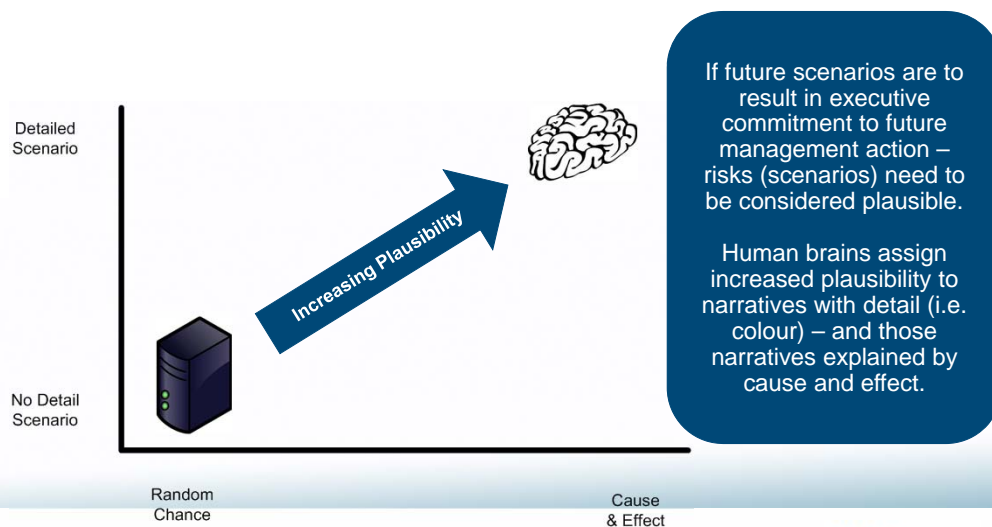


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Embedding

Getting risk and uncertainty on the decision making agenda

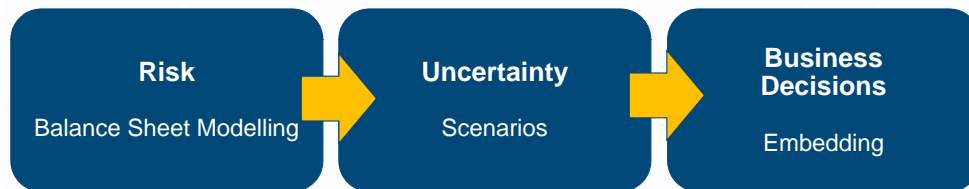


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What Question is the ORSA answering?

What business decisions do we need to take given we are exposed to risk and uncertainty?



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