

SST Reporting Review Process

Disclaimer: This document is an internal document of FOPI. It supports FOPI in organising and structuring its internal processes with respect to the SST reporting review process. It is subject to internal revision. The processes and the document can be changed at FOPI's discretion.

Phase	Activity
1	Prior to SST submission
	Set up a SST review team for each insurance company. A review team consists of two or more SST specialists from the SST department, the responsible supervisor (Aufsichtsbeauftragter) of the company and, if required, additional FOPI specialists (legal, accounting and asset management specialists). The responsible of a team is one of the SST specialists.
	Set up four steering committees for life, nonlife, health and reinsurance supervision. They consist of (i) the head of the respective supervision department or its representative in FOPI management, (ii) the head of SST & riskmanagement or head of integrated supervision, and (iii) a representative of the legal department.
	Define documentation (SST report) to be filed.
	FOPI provides standard model template including parameters.
	FOPI provides company with list of data and parameters required for companies that use an internal model.
	Early communication to companies of timescales, process and responses.
	Identify companies from which SST submissions are expected.
	Update review log (as required).
2	SST submission
before end of July 2008	Company submits report.
	FOPI checks SST submission against requirements listing for completeness.
	Identify any missing documents.
	Request incomplete / missing documents.
	Update review log (as required).
3	Filter according to company category
Begin of Aug 08	Categorise companies:
	Group
	Life insurer
	Non life insurer
	Health insurer
	Reinsurer
	If appropriate: Identify categories of materiality.
	Categorise according subsequent procedure:
	(cat. A) SST meeting with company is required and important
	(cat. B) SST meeting with company is required depending on future findings
	(cat. C) SST meeting with company is probably not required
	SST department schedules meetings with companies (depending on category A, B, C)
	Update review log (as required).

4	<p>Register submission on database</p> <hr/> Register SST report and supporting documents on database Register SST template on database (standard model) Register required data on database (internal model) Update review log (as required).
5	<p>Perform initial high level review</p> <hr/> Responsible of SST review team performs high-level review of documents and materials (data list, template, parameters) for completeness. Are all expected documents and sections present? Identify material topics e.g. sources of risk and valuation issues. Notify company regarding missing submission Provide initial feedback to the company to get further clarification on relevant issues. Prioritise subsequent analyses. Update review log (as required).
6	<p>Split into explicit workstream risk areas based on risk landscape, portfolio analysis and sources of risk</p> <hr/> Differentiate matters and workstreams: Valuation Insurance risk (P&C, Life, Health) Credit risk Market risk Group effects Links / interaction between different risks, diversification and aggregation SST review team schedules internal meeting(s). SST review team assigns own resources and responsibilities to each workstream Decide on priorities, issues and materiality limits Update review log (as required).
7	<p>Members of SST review team individually perform review.</p> <hr/> Update review log (as required).
8	<p>Aggregate risk area reviews and reach provisional decision</p> <hr/> SST review team collects preliminary findings from each workstream area. Care for consistency with prior decisions. Differentiate between: quality of report, model and calculations measures to be taken in view of risk situation of company SST review team reports findings to steering committee. Steering committee can renounce internal discussion if findings were taken unanimous in SST review team and if findings are obviously in line with prior decisions. Otherwise: The steering committee discusses the issue. Decision in steering committee is taken by SST representative for matters about quality of reporting and model mutually by supervisory department representative and SST representative for issues about measures to be taken. In case of disagreement, the issue shall be decided by management of FOPI. Findings and decisions are still preliminary as interaction with company has not yet taken place. Append decision to knowledge management tool Update review log (as required).

9	FOPI formulates preliminary findings and conclusions in written form Update review log (as required)
10a	Interaction with companies if meeting is required (categories A and part of B) Send meeting agenda to company Meet with company to discuss SST and findings of FOPI. FOPI comes to final findings. Write letter with findings and send it to company Update review log (as required).
10b	Interaction with companies if no meeting is foreseen (category C and part of B) FOPI sends draft of findings to company If required or appropriate, company responds to FOPI findings If required or appropriate, meeting of FOPI and company FOPI comes to final findings. FOPI sends final version of findings to company Update review log (as required).
11	Perform internal process review as appropriate (at least annually) – not specific to one company Collect findings from each workstream area, including aggregation process, on areas to change / improve / create Prioritise changes Agree changes to be made Implement agreed changes Update review log (as required).
12	Improve Quality of Review Log Identify additional information to be captured / retained from the review process that has not previously been captured and recorded in the review log Populate internal databases with required information for retention Update review log (as required).
13	Set future check and action points Summarise all future delivery expectations, eg improved credit risk model by next year Record necessary actions and expected communication dates on systems Monitor future deliveries against expectations Update review log (as required).