

Latest developments in Solvency II...Are you ready?

The FSC recently sent out a communication to all insurance licensees reference the implementation of the Solvency II directive. This includes a questionnaire to be returned by the 4th September. In addition, the FSC also issued a Newsletter (Number 2 2009) providing specific information on the current known timetable, key milestones and matters that insurers should consider while making preparations.

This questionnaire is the first formal step by the FSC in implementing the requirements of the Solvency II directive, which will come into effect on 31 October 2012. This highlights the areas which need immediate consideration in order for companies to be compliant by this date.

In particular the FSC is targeting the following:

- Results of cost-benefit analysis and GAP analysis reviews;
- Description of implementation plans;
- Consideration of future capital requirements;
- Consideration of use of standard model versus the internal model, including data requirements;
- Requirements of Pillar 2 on Corporate Governance (in particular the need to have an effective risk management and internal control systems) and Pillar 3;
- Requirement to have an internal audit function;
- Requirement to have an actuarial function.

The FSC has noted that an insurer will be permitted to outsource functions, including internal audit and actuarial, provided that this does not materially impair its governance.

If you require any further information please do not hesitate to contact us.

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