

Solvency II – Mazars MIMAP process to model approval

Creating the road map to
successful independent validation
using a proven process

‘Gaining approval to use an internal model to calculate the SCR is not going to be a trivial process so CEIOPS expects undertakings to develop models that can inform significant risk management and business decisions.’ (CEIOPS 2009)

Companies should now consider the practical challenges of meeting the demands of Solvency II and how they can gain assurance that their models will not only support the business effectively but also meet the relevant standards.

MIMAP

MIMAP (Mazars Independent Model Approval Process) is a four stage process designed by our specialist multi-disciplinary panel. It already supports our clients who have chosen the internal model option for regulatory approval and it is now being used by some of the largest insurers in the world.

1. Planning

Initially we work with the client to fine tune the MIMAP project template to the client's own requirements. This includes focused workshops to cover clarification of objectives, detailed scoping, communication protocols and responsibilities. Where appropriate, this stage also includes training.

At each stage clearly defined timing, deliverables and allocation of responsibilities will be agreed before work begins.

2. Technical validation

Testing of the model includes a clear definition of the tests to be performed in each risk area followed by execution of the tests. Where appropriate Mazars will use its own model as part of the testing process.

At the end of this stage, management decides which parts of the testing will be retained for use in the validation process, including changes to the model. Solvency II requires that management 'own' the internal model and the validation process.

3. Governance and use test

Mazars' Technical Governance Panel (TGP) plays a vital role in supporting our teams advising client's on the interpretation of the governance and use test requirements for the clients own business profile.

Initial workshops help clarify the non-technical procedures required to give an opinion on the necessary tests, namely statistical quality, calibration, documentation, governance and use test. At the end of this stage, management decides those parts of the testing to be retained in the validation process.

4. Validation policy

The fourth stage is to support the production of a validation policy document which includes:

- Purpose and scope of validation
- Validation tools
- Frequency of validation
- Governance of validation results
- Limitations and future developments
- Documentation of the validation policy
- Independent review process

What is behind MIMAP?

MIMAP is Mazars structured approach to independent internal model approval that was developed whilst assisting clients validate their internal models, including one of the world's largest insurers. Designing and delivering a Solvency II internal model approval process to clients requires a multi-disciplinary resource that is committed to client satisfaction and organised to be operationally effective and competitively priced.

What is the TGP?

Mazars has drawn from its international multi-disciplinary resources to form the Solvency II Technical Governance Panel (TGP). The panel includes leading actuaries, risk managers, accountants, internal auditors, IT data and change management specialists. The TGP is currently unique in the market and has been designed to support challenging projects requiring multi-disciplinary skills.

CEIOPS consultation papers

Mazars employs experienced professionals to study and carefully summarise CEIOPS consultation papers to keep the TGP up to date and advise of the impact on clients.

Mazars Models

Mazars has access to technical models as part of the MIMAP process. They provide a practical approach to an often complex theory. Where appropriate we use these as part of the validation process, in particular as an aid to checking the calculations of the client's internal model.

One of the largest actuarial teams

Mazars is an international operation with resources and expertise in all major European countries. We have access to one of the largest actuarial teams and our insurance management background helps us to understand the commercial issues surrounding Solvency II.

Training

We provide training to boards and senior management as well as technical training to implementation teams. All our teams are Solvency II trained before starting an assignment.

Embedding Solvency II

Realising the benefits to be achieved through Solvency II, in full, is a major exercise in change management. Mazars has a proven change management methodology and framework that assists management in developing a business case for change, formulating a change project plan and implementing the plan to maximise the benefits from the business case.

Contact us

For more information on how we can help with the challenges for internal models and Solvency II, please contact one of our partners:

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