

SII PREMIUM RISK MODEL USING TIMESERIES

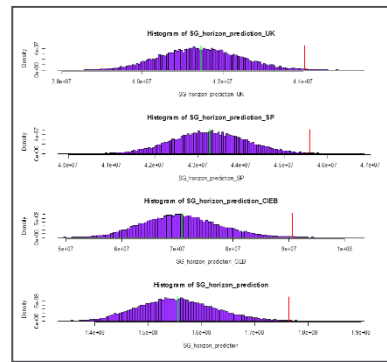
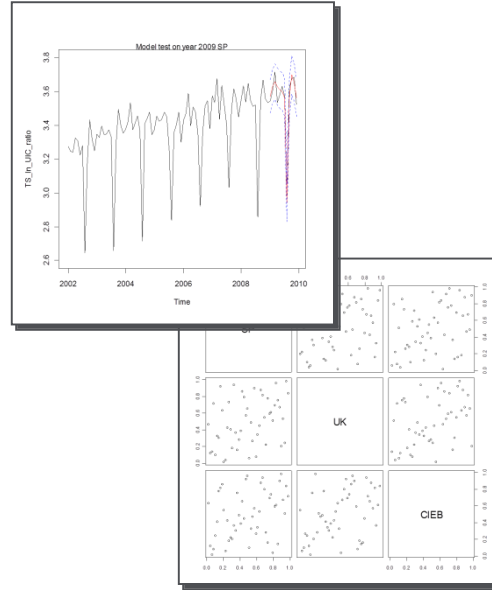
All dummy numbers & graphs for illustrative purposes only

Client Situation

- International insurance group
- Competitive market
- Internal requirements to build a Solvency II internal model for the Premium Risk Module
- Internal needs to make the calculation tool as visual as possible
- Both calibration and projection required

Issues

- Specific business, focusing mainly on short term Non-Life/health NSLT products
- Integration within the Standard Formula tree should be possible
- Because of the short term business, model should be developed on a monthly basis



Reacfin Contribution

- Design, Implementation and documentation of both calibration and projection tools
- Model Selection procedure
- Model Testing (backtesting)
- Analysis of the impact of the new model on the key risk indicators

Results & Benefits

- Tailor made solution
- Efficient tool regarding client's requirements
- No Black-box solution but a fully transparent implementation which could be easily adjusted by the client
- 30% Solvency Capital Requirement reduction thanks to the advanced modelling of this risk Module