

**Invitation to a Course on
Risk Management in Insurance
Principles and application of Solvency II in the context of
value based and risk oriented management**

19th to 22nd April 2017
Salzburg University

Lecturers: Prof. Dr. Heinrich Schradin
Chair of General Business Administration, Risk Management and Insurance
at Cologne University
Visiting professor at Salzburg University

Wolfgang Herold
Analysis and Statistics of Insurance and Pension Companies
Financial Market Authority (FMA), Vienna
Visiting professor at Salzburg University

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Group Chief Actuary and Head of Group Risk Management
UNIQA Insurance Group, Vienna
Actuary AVÖ (Actuarial Association of Austria)

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Director, Audit
KPMG Austria, Vienna
Actuary AVÖ (Actuarial Association of Austria)

Dates: Wednesday, 19th April 2017, 9.00–17.30
Thursday, 20th April 2017, 9.00–17.30
Friday, 21st April 2017, 9.00–17.30, 19.00 Concert followed by refreshments
Saturday, 22nd April 2017, 9.00–12.30

Contents: Value based management has long been the key driver for innovation in the insurance business. Risk oriented management is paramount within the Solvency II framework. Focusing on these two principles the course will cover all related aspects beginning with the regulatory framework and economic balance sheet, followed by state-of-the-art practices and processes in risk management including risk modelling for assets and liabilities.

The theoretical part covers all fundamentals of the risk function with respect to identification, measurement, controlling and reporting. A special emphasis is given to reinsurance and risk transfer as well as to value based and risk oriented management.

The practical sessions address various aspects of a successful and effective implementation of Solvency II. Best practice in risk management for insurance companies will be outlined within a company's approach, reviewed from a consultant's perspective and assessed under a supervisory view: What kind of difficulties face insurance companies, what are the most frequently asked questions to consultants and how do supervisors assess the situation? Based on the experience gathered so far and on the first lessons learnt, the objective is to match the interests and demands of all stakeholders in the insurance and pension business keeping risk implementation effective and efficient.

The course covers all the theoretical and practical aspects of modern risk management and value based management for insurance companies and pension funds required to become a fully qualified actuary according to the education syllabus of the International Actuarial Association and the core syllabus of the Actuarial Association of Europe as well as according to the regulations of the Actuarial Association of Austria (AVÖ), which correspond to the regulations of the German Actuarial Association (DAV). The course also meets the requirements by the Austrian Financial Market Authority with respect to the (deputy) responsible actuary (§§ 114 – 116 Austrian Insurance Supervision Act), the (deputy) head of the actuarial function (§ 113) and the (deputy) head of the risk management function (§ 112). For continuing professional development (CPD) the course counts as 21 hours.

The course is suited to all those who want to acquire knowledge of risk management in insurance. It is also of interest to experienced practitioners. Given the introduction of Solvency II by 2016 the course differs significantly from the same-titled courses in 2008, 2011 and 2014. Please find the detailed programme on the following two pages.

Course fees: € 594 (incl. VAT) without hotel accommodation, € 994 (incl. VAT) with accommodation from Tuesday to Saturday (4 nights) in the Arcotel Castellani including breakfast. Lunches and coffee breaks are included in the fees for all participants.

Information: For further information, please contact Sarah Lederer by e-mail (sarah.lederer@sbg.ac.at) with your telephone number. Your questions will be answered as soon as possible.

Registration: Please send the attached registration form by post or by e-mail (sarah.lederer@sbg.ac.at), and arrange for the amount to be transferred (at no cost to the recipient) to the following account before 3rd March 2017. After this date registration with hotel accommodation is only possible upon request. The registration and payment deadline for participants who do not need accommodation is 24th March 2017.

Salzburg Institute of Actuarial Studies (SIAS)
IBAN: AT79 2040 4000 0001 2021 BIC: SBGSAT2S

Location: Faculty of Science, Lecture Hall 402
5020 Salzburg, Hellbrunner Straße 34

Concert: The girl band "Buslinie 102" (flute, two Styrian harmonicas and double bass) will be performing on Friday at 19.00 in the Borromäum of the Archdiocese Salzburg (5020 Salzburg, Gaisbergstraße 7). Refreshments will be served at a casual get-together after the concert.

Programme

Session 1	daily	9.00 – 10.30
Session 2	daily	11.00 – 12.30
Session 3	daily	14.00 – 15.30
Session 4	daily	16.00 – 17.30

Wednesday, 19th April 2017

- 1 **Framework for risk management I** (*W. Herold, R. Knapp, J. Kronthaler*)
 - a. Introduction, course outline
 - b. International and national regulatory framework
 - c. Economic balance sheet
 - d. Market value of assets

- 2 **Framework for risk management II** (*W. Herold, R. Knapp, J. Kronthaler*)
 - a. Market value of liabilities
 - b. Own funds and risk bearing capacity
 - c. Capital allocation, coverage and solvency needs
 - d. Aggregation and diversification

- 3 **Fundamentals of risk management** (*H. Schradin*)
 - a. Introduction, definition and meanings of risk
 - b. Risk management process
 - c. Objectives, overall principles of risk management
 - d. Value maximization and the cost of risk

- 4 **The risk management process I** (*H. Schradin*)
 - a. Risk identification, causes and effects of risk
 - b. Risk analysis
 - c. Risk measurement – qualitative methods
 - d. Risk measurement – quantitative methods

Thursday, 20th April 2017

- 1 **The risk management process II** (*H. Schradin*)
 - a. Risk management strategies
 - b. Loss control and loss financing techniques
 - c. Internal risk reduction
 - d. Risk modelling

- 2 **External loss financing: reinsurance and alternative risk transfer** (*H. Schradin*)
 - a. Function of reinsurance
 - b. Types of reinsurance
 - c. Finite reinsurance
 - d. Alternative risk transfer

- 3 **Practical company aspects of risk management** (*R. Knapp*)
- a. Degree of implementation of pillars 1–3
 - b. Using Solvency II for value based management
 - c. Special focus: industry comparison and public disclosure
 - d. Wrap up

- 4 **Risk modelling for liabilities** (*R. Knapp*)
- a. Solvency II standard formula
 - b. Practical aspects
 - c. Internal models
 - d. Validation

Friday, 21st April 2017

- 1 **Risk management and value of the company** (*H. Schradin*)
- a. Principles of business valuation, embedded / appraisal value
 - b. Economic value added (EVA)
 - c. Cash flow modelling
 - d. The concept of cost of capital
- 2 **Decision making in a value based management framework** (*H. Schradin*)
- a. Case study
 - b. Evaluating the EVA
 - c. Lines of business in property and casualty insurance
 - d. Reinsurance and retention
- 3 **Practical consulting aspects of risk management** (*J. Kronthaler*)
- a. Degree of implementation of pillars 1–3
 - b. Key challenges for implementing state-of-the-art risk management
 - c. Proper analysis of results
 - d. Wrap up and lessons learnt
- 4 **Practical supervisory aspects of risk management** (*W. Herold*)
- a. Stress test – challenges and results
 - b. ORSA – the supervisor’s view
 - c. RSR and regulatory reporting
 - d. Risk based analysis and supervision

Saturday, 22nd April 2017

- 1 **Risk modelling for assets** (*W. Herold*)
- a. Solvency II standard formula
 - b. Practical aspects
 - c. Internal models
 - d. Validation
- 2 **Discussion / exam preparation** (*W. Herold*)