**ORSA Review Template**

**Group/Insurer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Group Code/Cocode: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Valuation Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Submission Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**General Instructions:**

This template is intended to be used to document a review and assessment of the ORSA Summary Report by the lead/domestic state. Regulators should document the results of their annual review of the ORSA and utilize the appendixes to track and communicate feedback to the insurer and procedures for regulatory follow-up. See VI.E. Group-Wide Supervision – Enterprise Risk Management Process Risks Guidance for additional guidance in completing this template.

|  |  |
| --- | --- |
| **Prepared/Reviewed By:** | **Date:** |
|  |  |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **Date of Last Exam:** |  |
| **Date of Next Exam:** |  |

**Background Information**

Summarize and assess background information provided in the report, where available. Key documentation elements are presented below.

1. **Attestation**:
2. **Entities in Scope:**
3. **Accounting Basis:**
4. **Key Business Goals:**
5. **Changes from Prior Filing(s):**

**Section I – Description of the Insurer’s ERM Framework**

Summarize and assess key information from Section I of the ORSA Summary Report for each of the five principles of a risk management framework.

1. **Risk Culture and Governance:**

1. **Risk Identification and Prioritization:**
2. **Risk Appetite, Tolerances and Limits:**
3. **Risk Management and Controls:**
4. **Risk Reporting and Communication:**

**Overall Section 1 Assessment**—After reviewing and considering each principle individually, develop an overall assessment of the group’s/insurer’s risk management framework including any concerns or areas requiring follow-up investigation or communication:

**Section II – Insurer Assessment of Risk Exposures**

Prepare documentation summarizing a review and assessment of information provided on the reasonably foreseeable and relevant material risks of the insurer/group.

**THE FOLLOWING TABLE SHOULD BE COMPLETED FOR EACH KEY RISK**

|  |  |
| --- | --- |
| **Risk Title/Description** |  |
| **Branded Risk(s)** |  |
| **Controls/Mitigation** |  |
| **Risk Limits** |  |
| **Assessment (QT/QL)** |  |
| **Normal Exposure** |  |
| **Stress Scenario(s)** |  |
| **Stressed Exposure** |  |
| **Inclusion on GPS/IPS** |  |
| **Regulator Review & Assessment:** | |
|  | |

**Overall Section 2 Assessment**—After reviewing and considering each key risk individually, develop an overall conclusion regarding the group’s/insurer’s process to assess key risk exposures including any concerns or areas requiring follow-up investigation or communication:

**Section III – Assessment of Risk Capital and Prospective Solvency**

Prepare documentation summarizing a review and assessment of key elements of the risk capital and prospective solvency process as follows.

1. **Discussion of Capital Metric(s) Used:**
2. **Group Risk Capital (GRC) – By Risk and In Aggregate:**
3. **Impact of Diversification Benefit:**
4. **Available Capital:**
5. **Excess Capital:**
6. **Impact of Stresses on GRC:**
7. **Governance and Validation:**
8. **Prospective Solvency Assessment:**

**Overall Section III Assessment**—After reviewing and considering each of the key elements individually, develop an overall assessment of the risk capital and prospective solvency of the insurer/group including any concerns or areas requiring follow-up investigation or communication:

**Appendix A – Feedback to Insurer**

Feedback to the insurer on the ORSA Summary Report is critical for the compliance and effectiveness of future filings. The purpose of this form is to help the lead/domestic state gather and provide constructive and practical feedback to the insurer.

**Positive Attributes:**

**Constructive Feedback:**

**Requests for Additional Information:**

**Appendix B – Recommended Exam Procedures/Areas for Follow-up Investigation**

In completing a review of the ORSA Summary Report, the lead state/domestic regulator should consider whether certain elements could benefit from focused inquiries and review during an on-site risk-focused examination. In some instances, the analyst may want the examiner to determine through limited testing, if the data provided and processes described in the ORSA Summary Report are consistent with the insurer’s actual ERM/ORSA operations. Such procedures and issues can be accumulated here for communication and tracking.

**Background Information**

**Section I - ERM Framework**

**Section II - Risk Assessment**

**Section III - Risk Capital and Prospective Solvency**



**Appendix C – U.S. Based IAIG Risk Management Assessment Considerations**

While the considerations provided in this template are generally applicable to all insurers/insurance groups filing an ORSA Summary Report, there are additional risk management assessment considerations for the supervision of Internationally Active Insurance Groups (IAIGs) that have been incorporated into this template. As such, U.S. lead states functioning as group-wide supervisors should document their assessment of specific IAIG risk management practices here, if not already addressed above.

1. Based on the analyst’s review of the ORSA Summary Report and any additional information received, assess whether the head of the IAIG ensures that the risk management strategy and system encompasses the levels of the head of the IAIG and legal entities within the IAIG, promotes a sound risk culture, and covers:
   * diversity and geographical reach of activities;
   * nature and degree of risks in entities/business lines;
   * aggregation of risks across entities;
   * interconnectedness of entities; level of sophistication and functionality of IT/reporting systems at the group level; and
   * applicable laws and regulations.
2. Assess whether the risk management strategy is approved by the IAIG Board and implemented at the group level; with regular risk management reporting provided to the IAIG Board or one of its committees.
3. Assess whether the risk management function coordinates and promotes consistent implementation of risk management practices at the group and legal entity level, with any material differences in practices being clearly documented and explained.
4. Assess whether the risk management function is adequately independent from risk taking activities.
5. Assess whether the head of the IAIG reviews, at least annually, the risk management system to ensure that existing and emerging risks as well as changes in structure and business strategy are taken into account.
   * Assess whether the group-wide risk assessment framework, or components thereof, is independently reviewed[[1]](#footnote-1) at least once every three years, in order to ascertain that it remains fit for purpose.
   * Assess whether necessary modifications and improvements are made to risk management systems in a timely manner.
6. Assess whether the following key elements are appropriately incorporated and addressed within the IAIG’s ORSA framework:
   * The ORSA framework measures risks using an economic capital model that takes into account the risks faced in different sectors, jurisdictions and economic environments
   * Risk measurement includes stress testing, including reverse stress testing and scenario analysis, as appropriate for its risk profile to demonstrate resilience of its total balance sheet against plausible macroeconomic stresses
   * Risk measurement also includes an assessment of aggregate counterparty exposures and analyzes the effect of stress events on those exposures through scenario analysis or stress testing
   * The ORSA reports on the IAIG’s management of liquidity risks and assesses its resilience against severe but plausible liquidity stresses to determine whether current exposures are within the liquidity risk appetite and limits
     + The ORSA demonstrates that the IAIG maintains an adequate level of unencumbered highly liquid assets in appropriate locations, as well as a contingency funding plan to mitigate potential stresses

1. Independent review could be performed by internal audit function, if deemed independent from risk management functions of the group [↑](#footnote-ref-1)