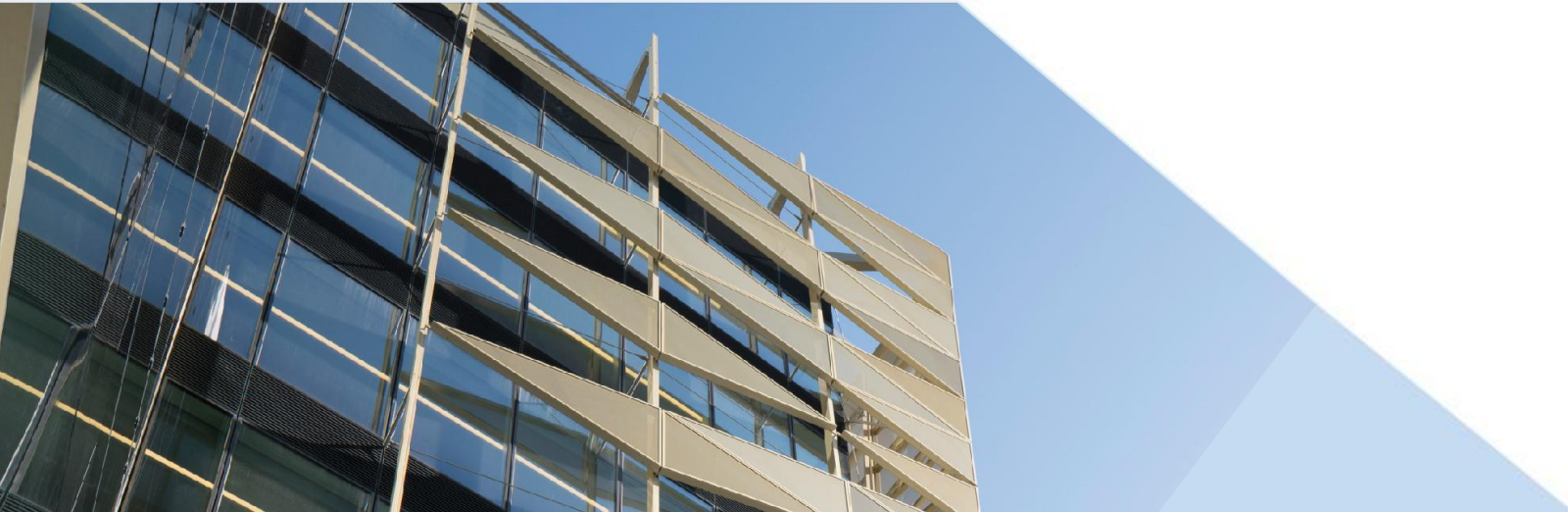




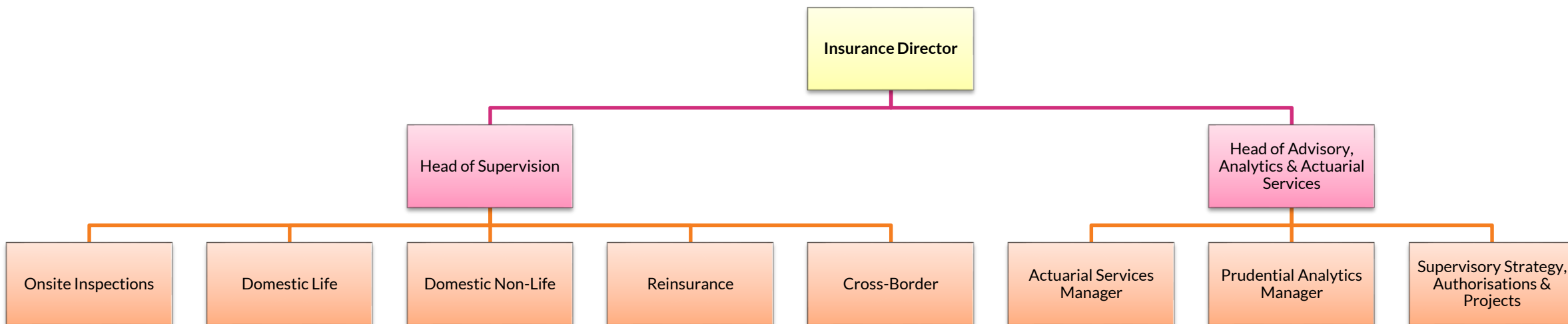
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Overview of the Insurance Directorate & Supervisory Objectives

Structure of the Insurance Directorate



Our Structure:

- Supports an analytically driven approach to planning and the identification of strategic priorities.
- Provides onsite inspection capability that will support supervisory activities.
- Ensures increased capacity to undertake proactive reviews of Low and Medium-Low Impact companies.
- Enables a sector oriented view within Supervision to ensure consistency of engagement within each sector.
- Enables effective sharing of market intelligence and facilitates thematic and sector analysis, benchmarking, etc. on both domestic and international business



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The PRISM Supervisory Engagement Model

- Shift towards an engagement model driven by a combination of impact and risk profile as opposed to solely based upon impact;
- The combination of impact and risk score defines the engagement intensity level;
- Four categories of engagement level intensity: Intensive, Enhanced, Standard & Basic;
- Nature, type, frequency and scope of activities vary depending upon the engagement level;
- Risk categories have been redefined to more clearly align with Solvency II.



Challenge, Judge, Mitigate

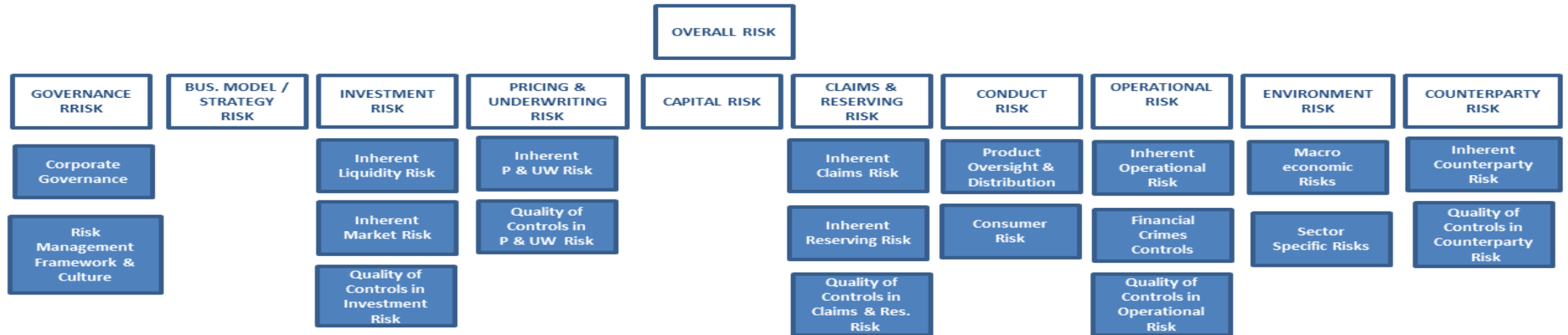


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Targeted Risk Assessments

In line with the Insurance Supervisory Engagement model, the frequency and depth of supervisory activities is driven by the risk profile of the firm. Targeted Risk Assessments are aligned with the Risk Structure outlined below:



The depth of each Targeted Risk Assessment ranges from desk based reviews to detailed onsite investigations and recalculations, depending on the level of Risk associated with the Risk Category in question. Similarly, the frequency and depth of regular supervisory activities such as Interviews with management personnel, is influenced by the overall risk level of the firm.



Impact of PRISM changes on supervisory engagement

- A more analytically driven approach to identification of strategic priorities and supervisory approach;
- Use of on-site inspections to assess how a firm is run on the ground as opposed to how it is managed in a hierarchical sense;
- Greater use of thematic reviews and publication of bulletins supporting:
 - A consistent application of Solvency II
 - Greater transparency around expert judgement and its impact
- More supervisory intervention across the impact categories following the move away from a resource allocation model driven exclusively by firm size.

