

Risk Management Process Outlook

Sampo Group companies continuously develop their risk management processes. This work is based on internal needs and regulatory requirements, of which Solvency II has been the most important driver during the latest years.

A separate program was introduced within If P&C in 2007 to ensure that If P&C is well prepared when the Solvency II regulation enters into force. The program has encompassed a thorough review of If P&C's corporate governance and internal control structure, the risk management system, data capturing as well as development of the internal capital model. The program was finalized in 2012 and responsibilities were transferred to the line organization. Also Mandatum Life has developed its processes similarly over the years.

If P&C aims to have a partial internal model approved

when Solvency II regulation enters into force. Mandatum Life will use most likely the regulatory standard model for external Solvency calculations although it has an internal approach for assessment of risks and capital as well.

While awaiting the postponed implementation of the Solvency II regulation in the EU, common guidelines have been issued to the local supervisory authorities. The guidelines concern supervision of how the insurance companies prepare for Solvency II regarding the governance system, the forward looking risk assessment, supervisory reporting and pre-application of internal models. Although If P&C and Mandatum Life are well prepared in these areas, companies are refining their processes to be fully compliant when Solvency II comes into force.