

**NEW!***A much-needed summary on recent European solvency work*

Solvency

Models, Assessment and Regulation

Arne Sandström • SWEDISH INSURANCE FEDERATION, STOCKHOLM

Accompanies the emergence of EU Solvency II

Until now there were no published analyses of the recent solvency work conducted in Europe, specifically the risk categories proposed by the International Actuarial Association (IAA). Answering the insurance industry's demand in the wake of the EU Solvency II project, **Solvency: Models, Assessment and Regulation** provides a concrete summary and review of solvency and inspires additional work in the field.

Following an introduction to the concept, the first section of the book provides a historical review of solvency, detailing solvency regulation and accounting within the EU. A review of the steps leading to Solvency II looks at accounting, supervision, the actuarial field, the first phase of Solvency II, international approaches to banking, and the solvency systems of 12 major nations.

The second section explores the current basis for solvency modeling, focusing on the valuation of assets and liabilities, dependency and various conservative approaches, as well as a baseline and benchmark approach. This section also provides examples of risk structure and the effects of diversification.

The final section discusses groups and internal modeling as it relates to EU Solvency II. It addresses insurance groups, financial conglomerates, reinsurance, the importance of internal modeling and stress testing, and the current state of the second phase of EU Solvency II.

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- Offers a comprehensive review of recent European solvency development
- Introduces the organizations that played an important role in solvency development, including IAA, CEA, Groupe Consultatif, and many more
- Examines the non-life and life directives (Solvency 0) and the newly adopted Solvency I
- Applies a benchmark approach to construct a standard solvency model that is converted to a simple spreadsheet approach
- Contains extensive appendices that highlight a basic model for a standard solvency approach, and provide excerpts from several EU directives

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