



AMF In – Reg,
Supervisory reporting system for
insurance and private pensions

Mbrojmë konsumatorët

Promovojmë tregjet

Zbatojmë ligjin

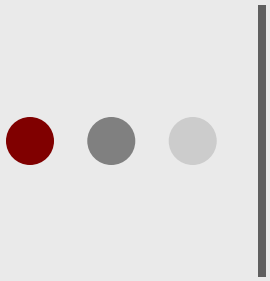
Alma Qamo
AMF



- I. **AMF In – Reg, project summary**

- II. **System contents and functioning**
 - 1. Supervisory reporting standard form sets
 - 2. Way of reporting
 - 3. Automated supervisory reports

- III. **Issues of regulation and implementation**
 - 1. Reporting regulation
 - 2. Trainings
 - 3. Pilot exercising from markets
 - 4. Implementation time frame



I

AMF In – Reg, project summary



Why a new supervisory reporting system?

2006

2007

Establishment of the AFSA

starting activity

establish institutional capacities
strategy, detailed objectives and priorities

Focus on:

Effectiveness of supervision



2008

2009

complete & enhance regulation
move towards RBS methodology

prevention against problem fixing

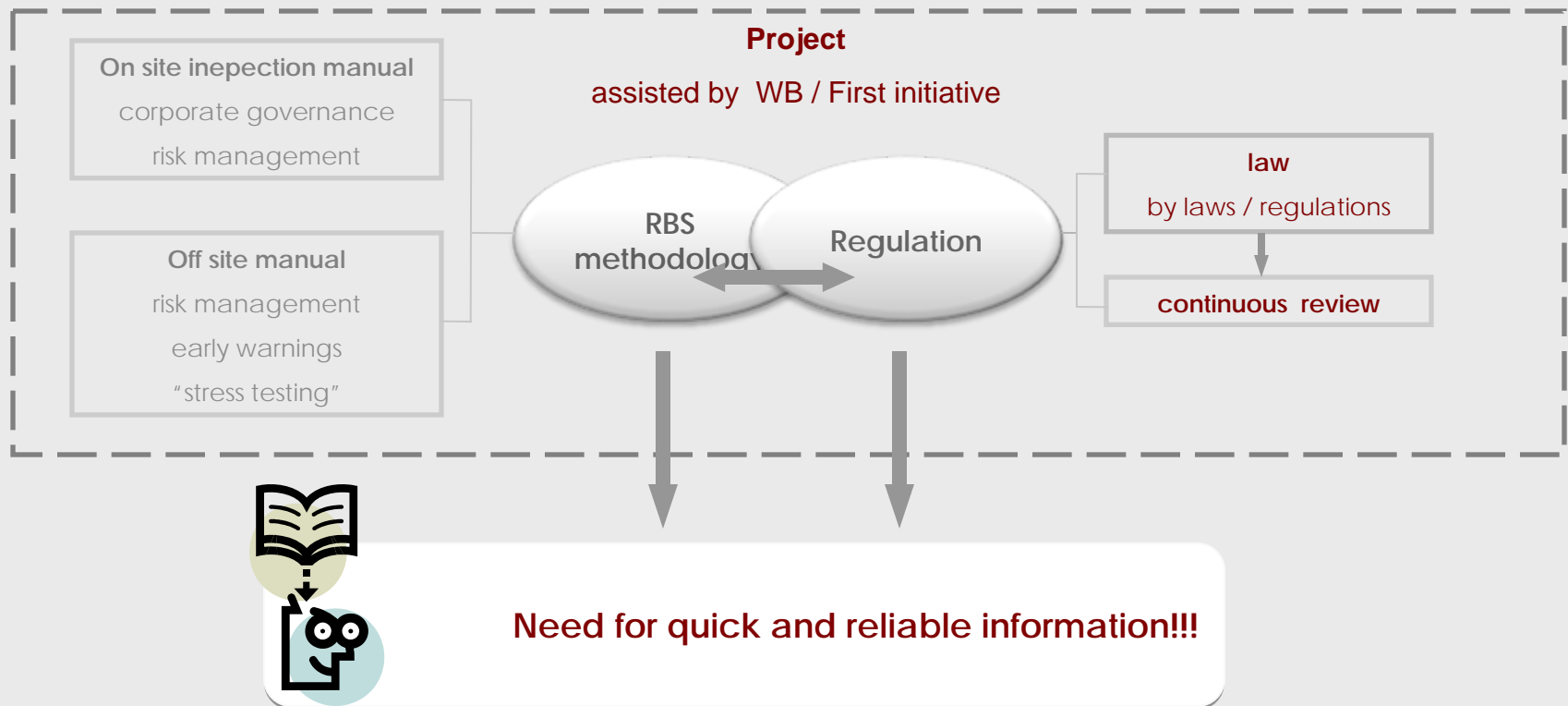


staff efficiency, value added of expertise, IT promotion



Why a new supervisory reporting system? (continue)

Enhancing effectiveness of supervision





Project AMF In - Reg

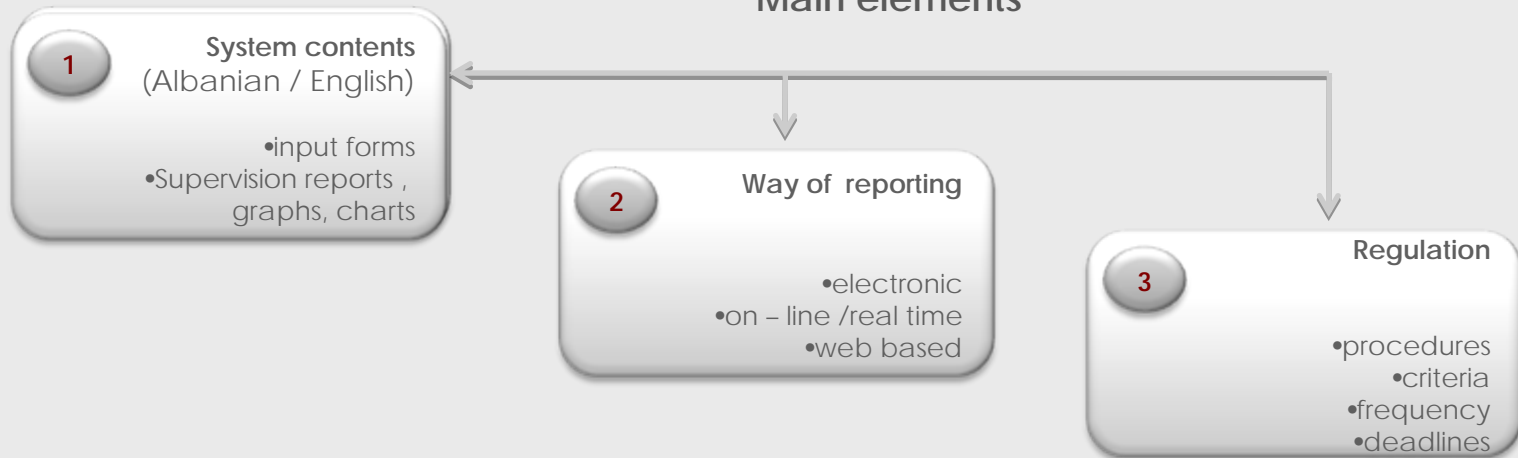
2008

Cooperation of the AFSA with EBRD
Financed by the Western Balkans Fund
Consultant: Vizor, Ireland

Object:

Build and implement a contemporary electronic supervisory reporting system for insurance and private pensions

Main elements





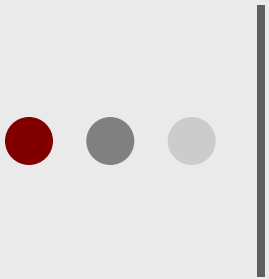
Brief summary of project phases

Phases of the project

- Faza 1: Define supervisory reporting requirements technical specification of supervision reports and information needed to feed them, for each type of business
- Faza 2: Design outputs , reports, inputs. Additional: graphs / charts
- Faza 3: Build forms / reports in the system - AMF testing
- Faza 4: Technical implementation, system configuration, hardware testing, launching strategy, trainings.
- Faza 5: Start implementation of launching strategy, maintenance and assistance

Key features flagged by the AFSA

- New solution to guarantee confidence, confidentiality and security
- New solution needs to be flexible towards possible changes in reporting forms (inputs and outputs) due to market and regulation developments
- New solution needs to be easily updated and integrated with the other IT systems of the AFSA
- New solution should be flexible in respect of quick developments of IT and infrastructure of communication , which can further facilitate the exchange of information
- The last, but not the least: Solution will not bring additional costs for markets / on the other hand, cost reduction is expected**



II

AMF In – Reg, Contents and way of reporting

Standard form sets of reporting

Way of reporting

Automated reports of supervision



AMF In-Reg

1

System contents
(Albanian / English)

- **input forms**
- Supervision reports ,
graphs, charts

*Forms have been designed based on the need of the AFSA to carry out the supervision of insurance and private pensions
Specific as per type of business*

Different forms built in the system

	monthly	quarterly	yearly	ad hock	Total
Statistical	9	8	9	4	30
Financial		24			24
Technical		1	1	3	5
Pensions		15			15
Total	9	48	10	7	74

Life Insurance / reinsurance company

Input forms	monthly	quarterly	Yearly	ad hock	Total
Statistical	2	7	6	4	19
Financial		20	20		20
Technical			1	3	4
Total	2	27	27	7	43

Non Life Insurance / reinsurance company

Input forms	monthly	quarterly	yearly	ad hock	Total
Statistical	2	3	6	4	15
Financial		20	20		20
Technical		1		3	4
Total	2	24	26	7	39

Private pensions

Input forms	monthly	quarterly	yearly	ad hock	Total
Fund		11	11		11
Asset manager		4	4		4
Total		15	15		15



AMF In-Reg, insurance / reinsurance statistical reporting

Monthly reporting (life / non life)

Data on number of insurance contracts, premiums and claims

Premiums / claims are reported in the original currency (as per contract) and the total in Lek is automatically calculated from the system

Monthly reporting is used from the AFSA to generate market statistical reports (and progressive)

Company will report only monthly data, not progressive

Currently, we have progressive reporting from companies !!!

Quarterly reporting (life / non life)

Linked with BoA requirements

Currency / residence related information

This reporting is currently done by insurers

Annual reporting (life / non life)

Data on long term life insurance contracts

Geographical statistical information of contracts, premiums and claims

Employment data

All the information is already reported by insurers

Financial form sets quarterly / annually

(life / non life)

- Balance sheet
- Profit & Loss account
- Technical account
- Cash flow
- Technical / mathematical provisions
- Asset investment, solvency, etc.
- Financial reporting on subsidiaries

Financial forms are in compliance with the IFRS requirements

Financial forms serve to measure the financial condition of the company and the market, to detect issues and react quickly. RBS involved in financial reports

Technical reporting

- Solvency margin for life insurance (annual) – S1
- Solvency margin for non life insurance (quarterly) – S1

Ad hock reporting

- Independent audit report, internal audit report, appointment of independent auditor (once per year)
- Reinsurance linked reporting, large risks, large claims (on case basis)

Pension funds and asset management companies
(quarterly / annually)

- Data on operations
- Financial reporting: balance sheet, profit & loss, cash flow, investment structure, earnings
- Statistical reporting on individual / collective pension schemes



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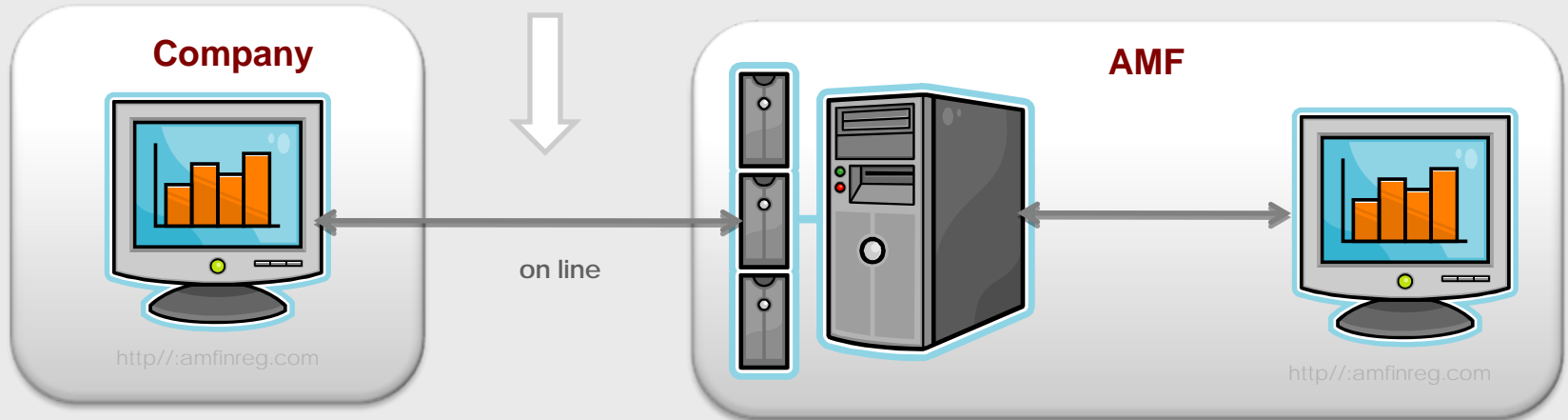


2 Way of reporting

- electronic
- on - line /real time
- web based

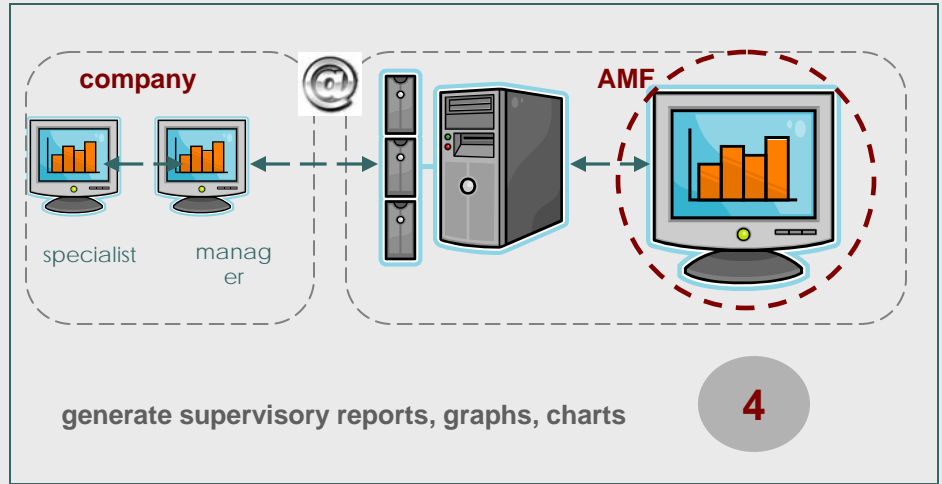
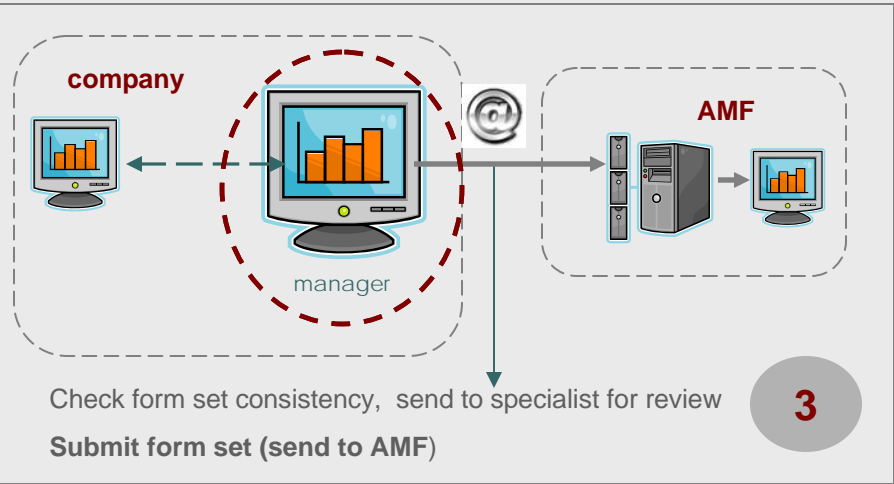
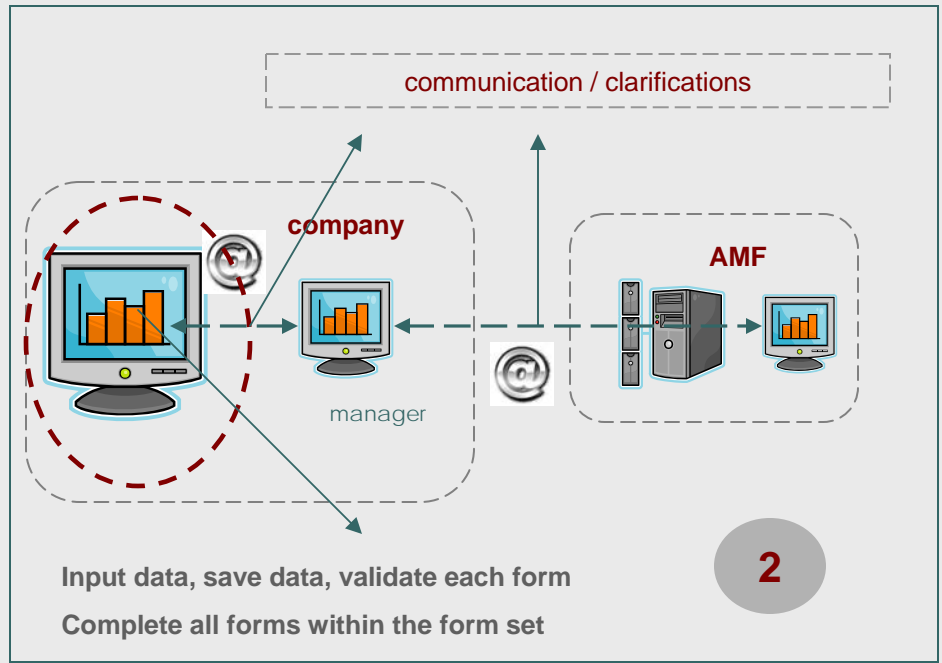
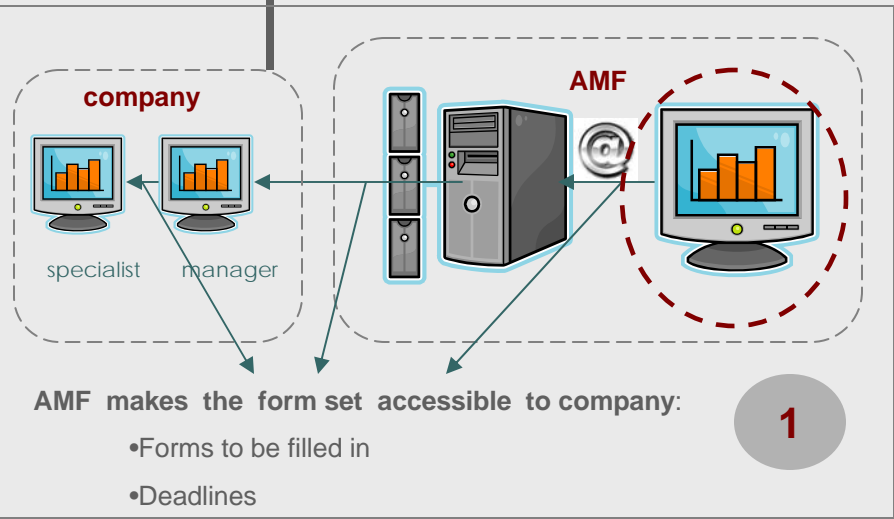
AMF In - Reg guarantees confidence, security, confidentiality

Web based solution does not require for additional investments from companies



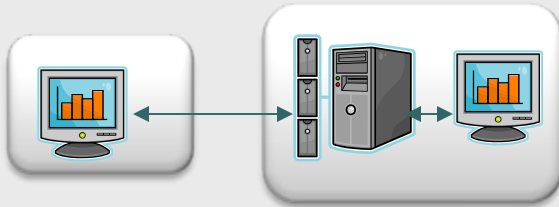
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electronic data transmission



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Example: Reporting monthly statistical data from a non life insurance company



Contents of monthly statistical form set (non life):

- Reporting period: January 2010
- Reporting deadline: 15 Feb 2010
- Forms:
- Form 1: Information on insurance contracts / premiums
- Form 2: Information on number and amount of claims
- Form 3: Monthly exchange rate (supporting form)

Steps:

1. AMF makes available the form set to the company within 31 January 2010 / automatic email is generated to notify the company
2. Specialists input / save / validate data into the forms, and notify their head to review
3. The head verifies consistency:
 - (i) if the data in all forms are "ok", he submits the form set. (process of reporting in the AMF should be done within 15 Feb)
 - (ii) In case of inconsistencies, he asks the specialist to review and confirm data
4. Once the form set is submitted, the AFSA can review the data and can generate all the reports needed in the course of the supervision

The re-submission option is available, after the approval of the AMF

Automated supervisory reports that
AMF In - Reg can generate

1 System contents
(Albanian / English)

- input forms
- Supervision reports ,
graphs, charts

**Analysis / financial reports
of insurance company / market**

Technical / mathematical provisions
Assets
Investments
Solvency margin/capital
Debts
Receivables
Reinsurances
Graphs
Charts



Implementation of RBS elements

Early warnings
Profitability tests & ratios
Stress testing scenarios

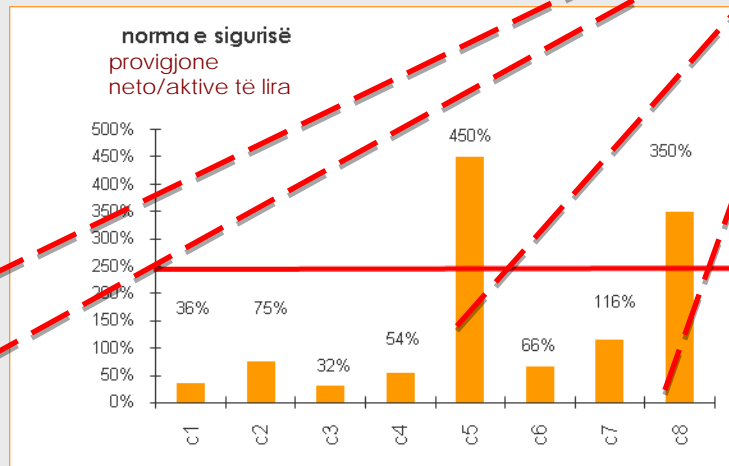
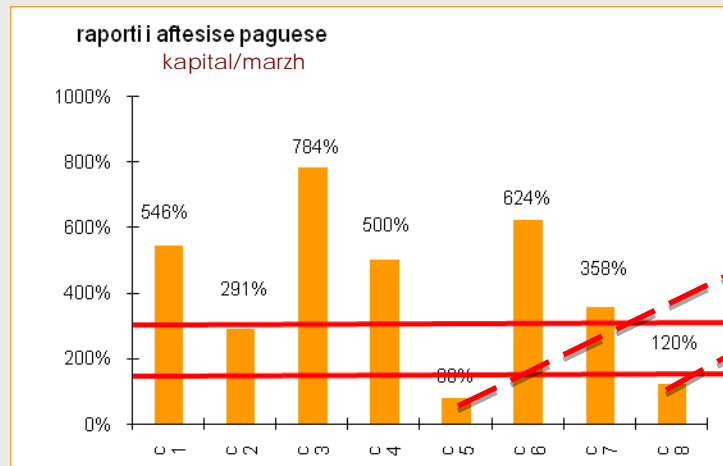
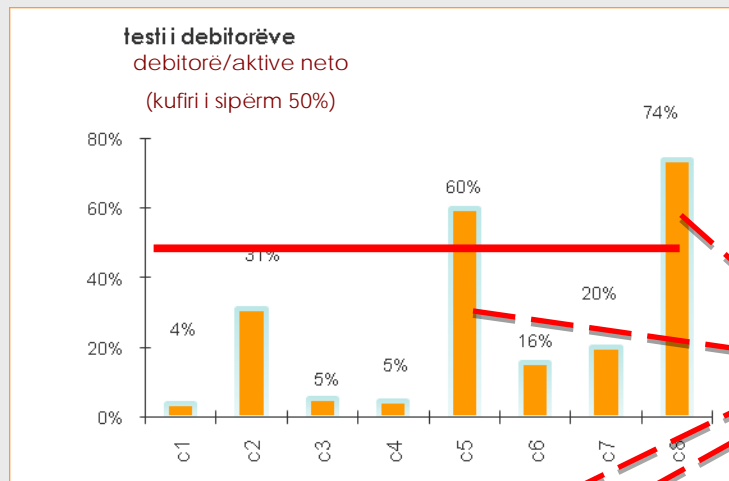
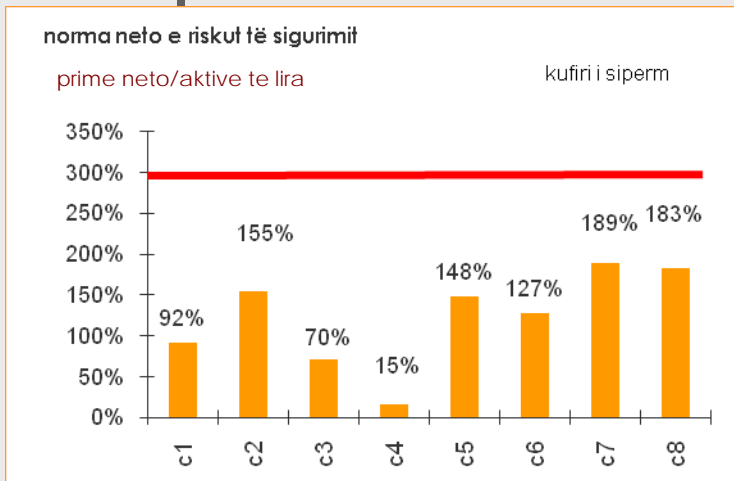
Market reports

Monthly / progressive
statistical reports
Annual statistical report /
Geographical reports
Supervision reports
Graphs
Charts

Pension reports

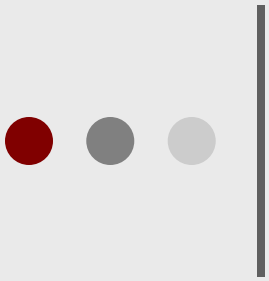
Market statistics
Financial reports
/ company / market
Investments
Graphs
Charts

Inclusion of RBS methodology elements / Example: Early warning tests



warning !
C5 - ?
C8 - ?

*Companies and data used in this example **do not represent** Albanian market players, or their data.*



III

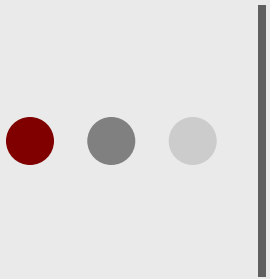
Regulation, issues of implementation, and cooperation with markets

Reporting regulation

Trainings

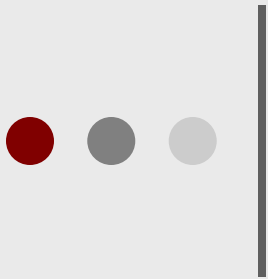
Market pilot exercising

Implementation time frame



Regulation

- **Reporting regulation**
 - Form sets / clarifications
 - Reporting frequency
 - Reporting procedures
 - Deadlines
 - Electronic signature compliance
 - Transitional period until the full electronic reporting
- **Guidelines on the use of In - Reg system**

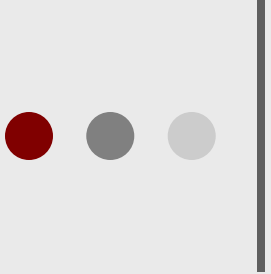


Training with markets

Part of project, foreseen to take place during **December 2009**

With the participation of Vizor experts

- Who should participate from supervised markets?
 - Managers and specialists in following areas:
 - statistics
 - actuarial
 - accounting
 - pensions
- **Training object:**
 - Knowledge on the reporting form sets
 - Knowledge on the functioning of the electronic reporting system AMF In – Reg



Market pilot exercising

(alternative options from market to be discussed)

1. Exercising period – 1 month , immediately after the training

2. Exercising object:

- clarity of forms
- review rules, formulas within forms / form set
- terminology / language
- Issues of system functionality

3. Procedures:

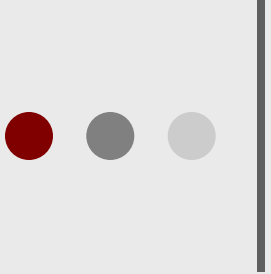
- Define form sets to be exercised by specific companies (to be discussed with companies)
- Companies fix the names of their experts that will deal with exercising
- Meeting of market experts with AMF experts to define the tasks and time lines.

Important:

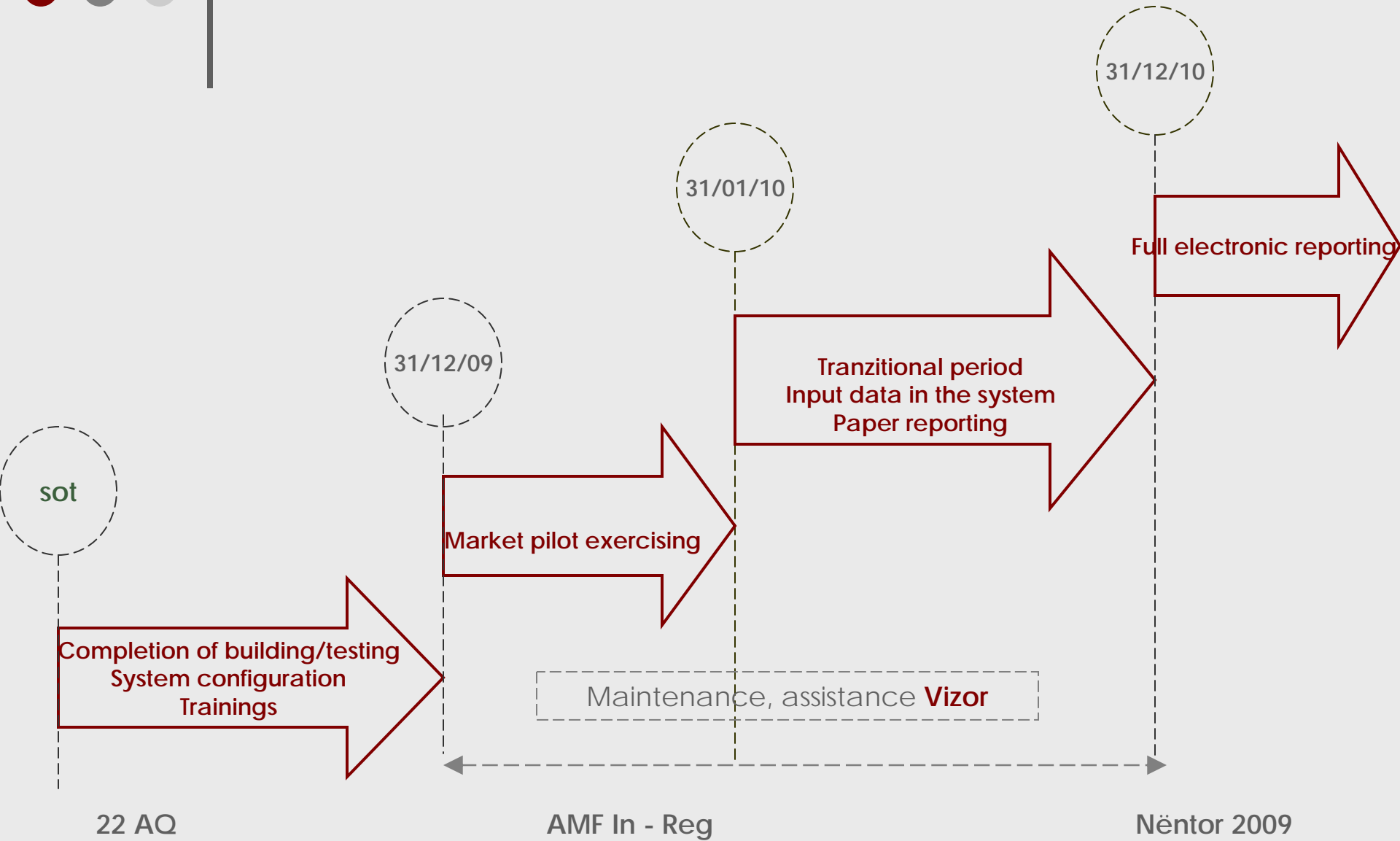
AMF has appointed dedicated experts to each form set, who will be available to communicate with market experts during exercising period, and later during the functioning of the system. .

Market exercising phase 1. Market expert exercising **(3 weeks)**

Market exercising phase 2. Discussions **1 week)**



Implementation chart





**Cooperation is crucial
towards the successful implementation of AMF In -Reg**