

Mbrojmë konsumatorët

Promovojmë tregjet

Zbatojmë ligjin

“AMF In-Reg
a contemporary supervisory reporting system
in Albania”

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Chair



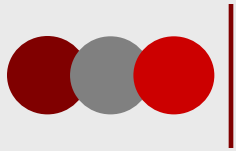
General view on the importance and use of reporting

- Necessity of supervisory reporting
- Insurance Core Principle 12, approved by the IAIS
- IAIS recent developments on supervisory reporting area

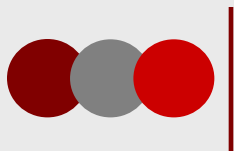
Albanian FSA, vision of effective supervision, projects

Supervisory reporting system **AMF In – Reg**

- Current situation of supervisory reporting
- Necessity to enhance the system
- What is **AMF In – Reg**?
- **AMF In – Reg**, an integral part of the MIS
- Cooperation as a tool to guarantee the success of the new system



I General view on the importance and use of supervisory reporting

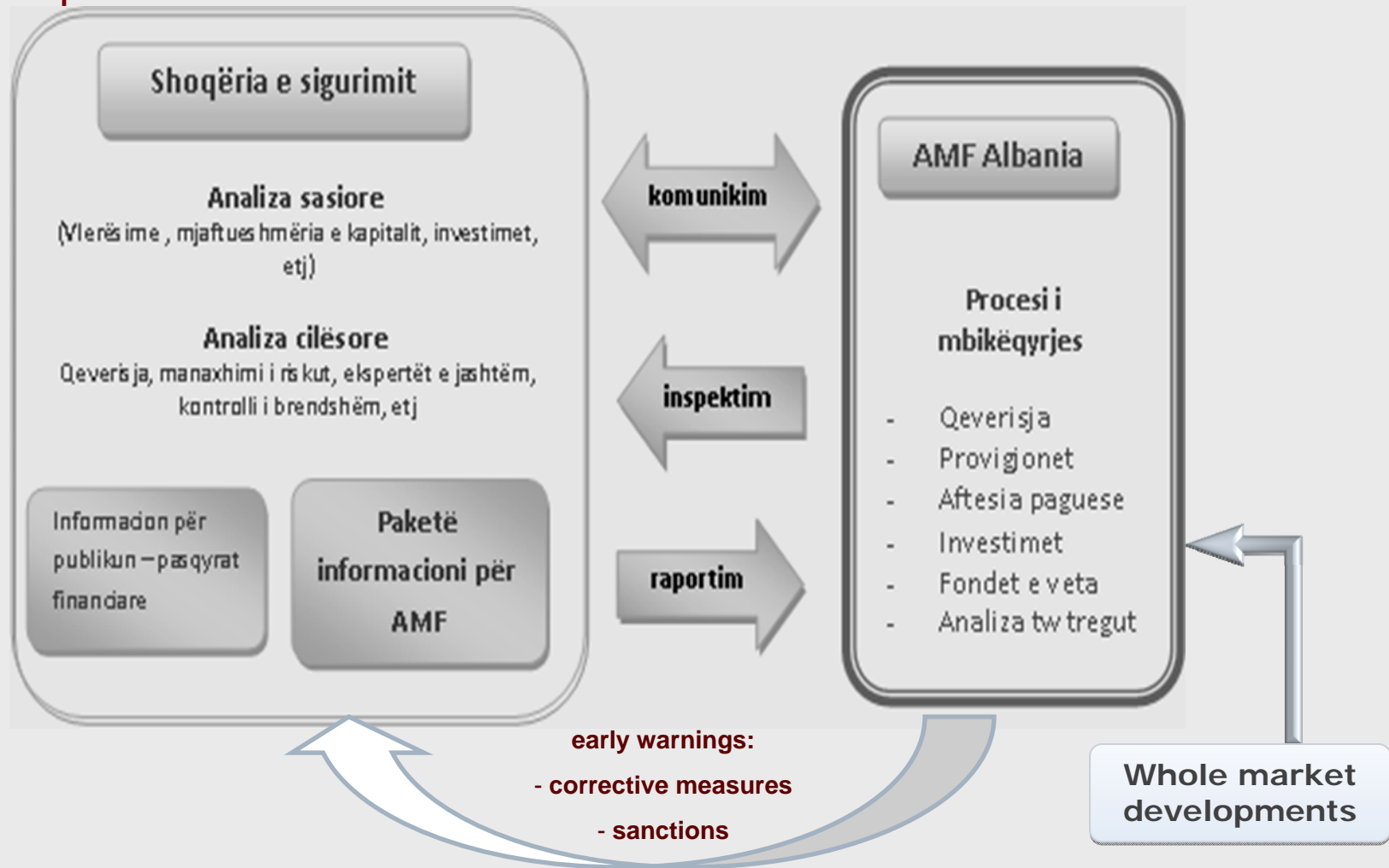


Information, key towards effective supervision





Use of information, communication, reaction





ICP 12 Reporting to supervisors & off site monitoring

ICP 12 Reporting to supervisors and off-site monitoring

The supervisory authority receives necessary information to conduct effective off-site monitoring and to evaluate the condition of each insurer as well as the insurance market.

www.iaisweb.org

Essential criteria:

- a. The supervisory authority:
- sets the requirements for the submission of regular and systematic financial information, actuarial reports and other information from all insurers licensed in the jurisdiction
 - defines the scope and frequency of those reports and information, including any requirement that reports and information be audited
 - requires, as a minimum, an audit opinion should be provided annually (refer to ICP 1 EC e)
 - requests more frequent and more detailed additional information whenever there is a need.

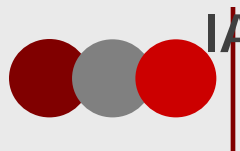
If making a distinction between the financial reports and requirements of companies incorporated in the jurisdiction and branches, or between private entities and government-sponsored insurers that compete with private enterprises, the supervisory authority should not distort the market in favour of or against any particular form of enterprise.

- The supervisory authority:
- requires insurers to submit information about their financial condition and performance on both a solo and a group-wide basis. It may request and obtain financial information on any subsidiary of the supervised entity.
 - sets out the principles and norms regarding accounting and consolidation techniques to be used. The valuation of assets and liabilities should be consistent, realistic, and prudent (refer to ICP 21 EC b).
 - requires insurers to report any off-balance sheet exposures.
 - requires insurers to report on their outsourced functions.
 - requires that the appropriate level of an insurer's senior management is responsible for the timing and accuracy of these returns.
 - requires that inaccurate information be corrected and has the authority to impose sanctions for deliberate misreporting.
 - based on this information, maintains a framework for on-going monitoring of the financial condition and performance of the insurers.

Advanced criteria

- d. From time to time, the supervisory authority reviews its regular and systematic reporting requirements to ensure they still serve their intended aims and are carried out in an efficient and effective manner.
- e. The supervisory authority requires insurers to report promptly material changes that affect the evaluation of their condition.





IAIS recent developments in supervisory reporting area

On going:

Standard road map document on (i) information gathering and (ii) monitoring and analysing data

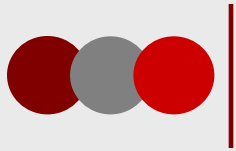
Key issues:

- Minimum statistical, financial and technical information required to undertake the supervisory process.
- Basic recommendations for collecting information, in order to ensure consistency, comparability, accuracy, transparency and reasonableness
- Basic ratios that could support financial and technical supervision.
- Utilization of basic analysis information techniques, as part of the supervisory process.

IAIS Survey on "Information Gathering for Supervisory Purposes"



Microsoft Office
Word 97 - 2003 Document



|| Albanian FSA, vision of effective supervision, projects

AFSA ongoing projects towards the effective supervision



Ongoing projects with WB, financed by First Initiative introduction and implementation of RBS methodologies

Review and enhance legal framework

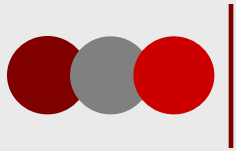
RBS methodology applicable in current stage of industry. compile / respective manuals for on site / offsite

Technical assistance / high level expertise and practical experience from **FMA Austria**

Ongoing Project with EBRD, financed by Western Balkan Fund to build advanced MIS For supervisory purposes

Web - based platform for supervisory filing and analysis

Expertise and experience from **FMA Austria** and **Slovene Insurance Agency**

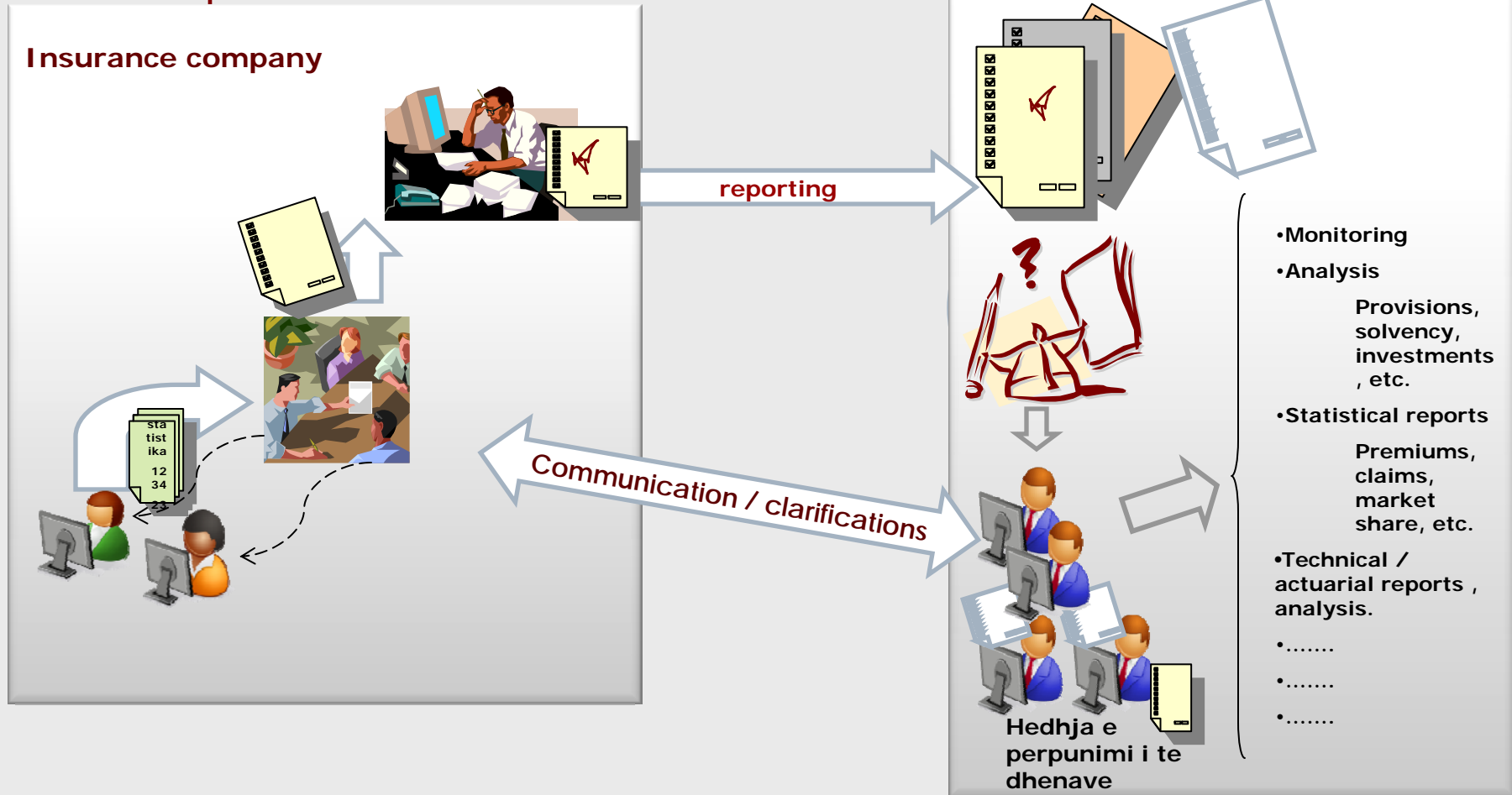


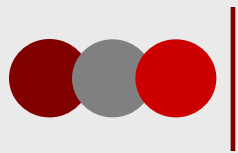
III
Supervisory reporting system AMF In – Reg

*Enhancement of the MIS,
as a tool to support the implementation of
the new Risk Based Supervision methodology*



Current supervisory reporting process

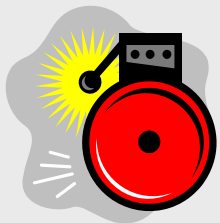




Issues of the current system



- Time / people / money
- Slow monitoring / analysis / intervention
- **Efficiency of supervision???**



New solution!!!



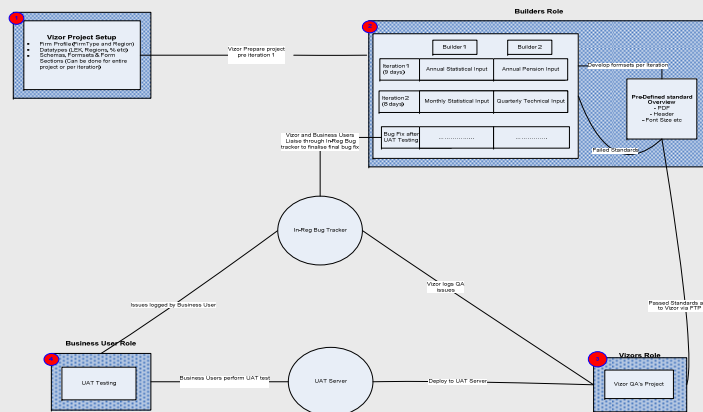


AMF In – Reg, an electronic supervisory reporting system

Project started in 2008, TA from EBRD, funded by the **Western Balkans Fund**.
 Combined with the **WB** project on risk based supervision methodology

- web based**
 - avoid paper based / increase quality through validation rules/ reduce time for operators
- analysis tool**
 - develop prioritization of interventions where required
- early warnings**
 - support new strategy of prevention against problem fixing

| Phase 1 & 2 | Phase 3 | Phase 4 |
|---|---|--|
| <ul style="list-style-type: none"> • Identify reporting requirements • Design reporting templates | <ul style="list-style-type: none"> • Train form builders • Build forms / reports into electronic system | <ul style="list-style-type: none"> • Train business users • Train industry |
| <ul style="list-style-type: none"> • Phases completed in February 2009 | <ul style="list-style-type: none"> • To be completed by the end of November 2009 | <ul style="list-style-type: none"> • Go live - forecasted in early 2010 |



Current phase /building, testing reports

Consultant:
Vizer Ireland

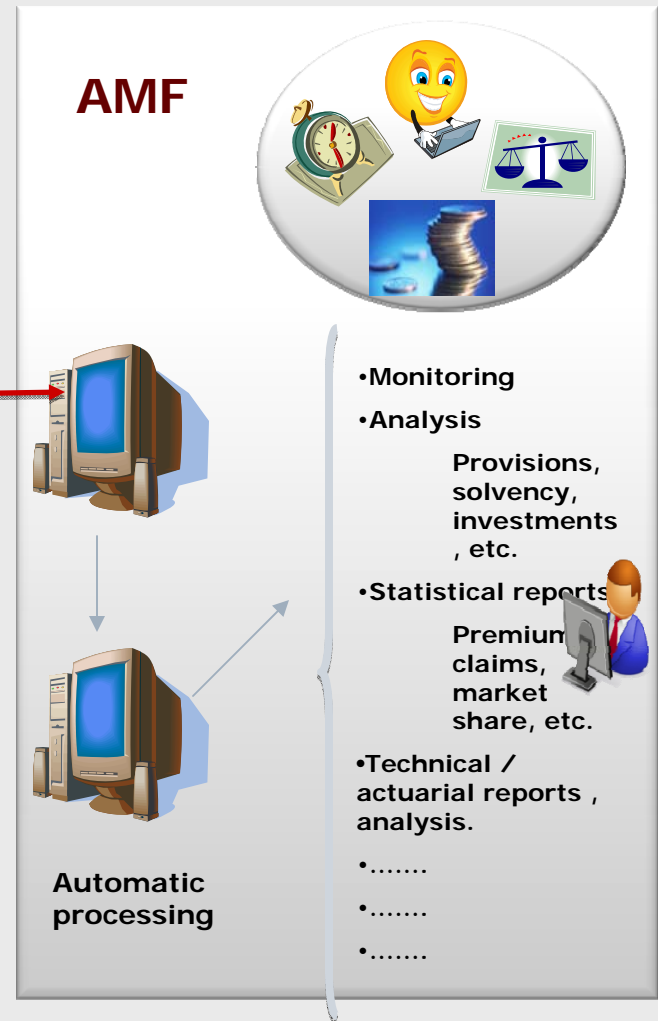


AMF In-Reg reliable timely information- effective supervision



- confidence
- confidentiality
- security

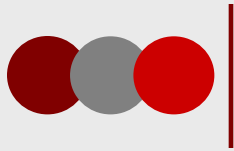
On - line reporting



- Less time/ money / people
- Early warnings / timely interventions

Effective supervision

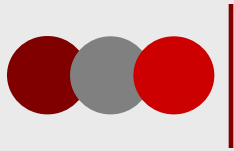
Confidence / Security / Confidential information



AMF In-Reg, a proper system for markets

- Appropriate reporting forms for life insurances, non life insurances, pensions pensioneere
- Formsets / Frequency:
 1. Statistical (monthly/yearly)
 2. Financial (quarterly / yearly)
 3. Technical (quarterly / yearly)
 4. Pensions (quarterly / yearly)
- Balance between market approach and supervisory approach
- Standards similar to developed countries of region and Europe
- Adoption of IFRS standards into financial forms
- Flexible solution to update / enhance forms as per developments in markets and regulation



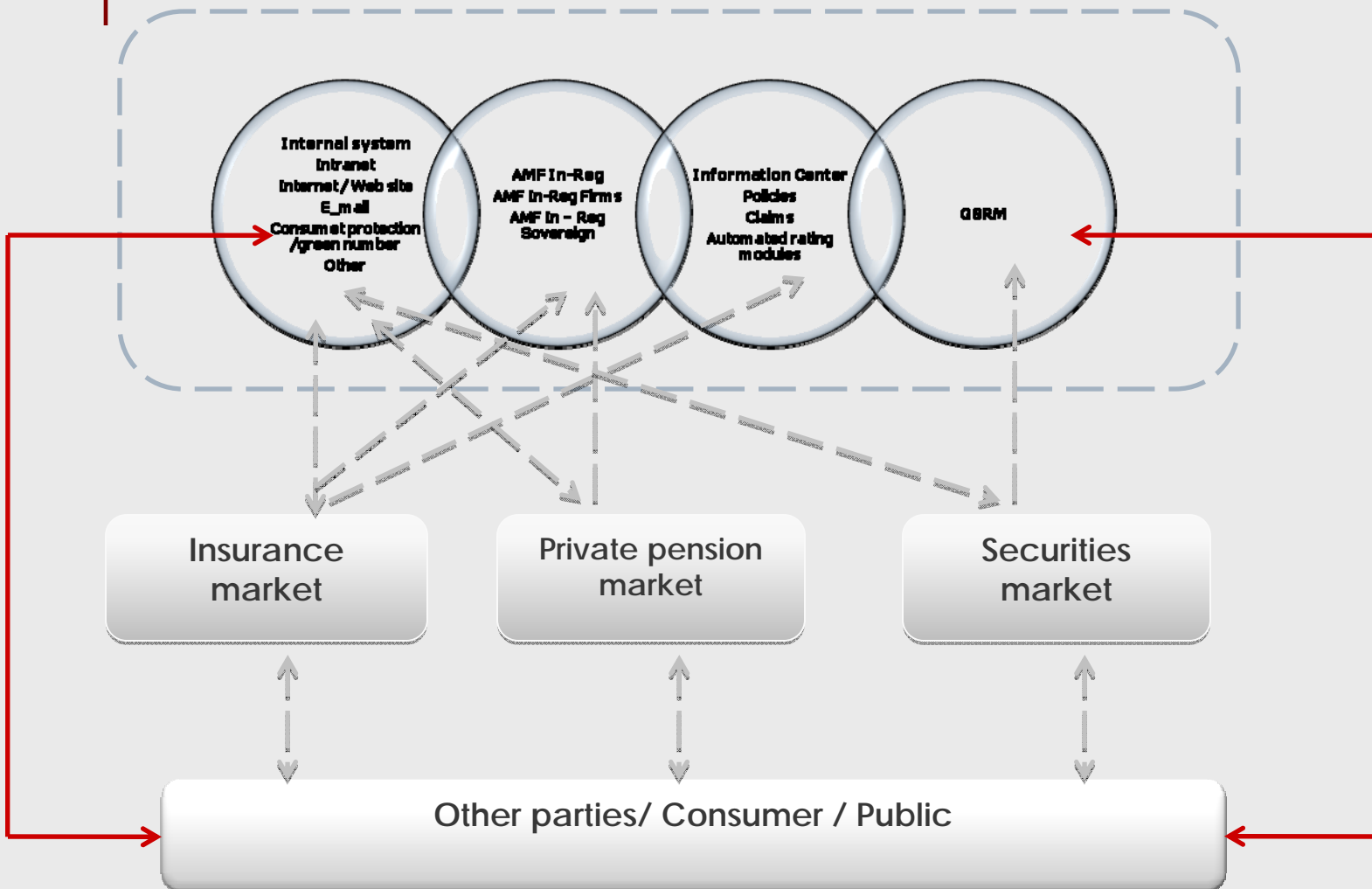


AMF In-Reg, supervisory outputs & reports

- Around 150 automatic reports/ charts and graphs, easily readable / further processable
- Automatic processing in compliance with RBS on:
 - Early warning tests and ratios
 - Stress testing scenarios
 - Valuations / comparisons with preset benchmarks
 - Risk assessments in measuring and evaluating solvency
 - General valuations on market conditions and tendencies
- Statistical reports on premiums / claims
- Reports and analysis on solvency and related issues
- Detailed trend analysis
- Technical & actuarial valuations
- Geographical analysis
- Other, as deemed necessary from company / market developments



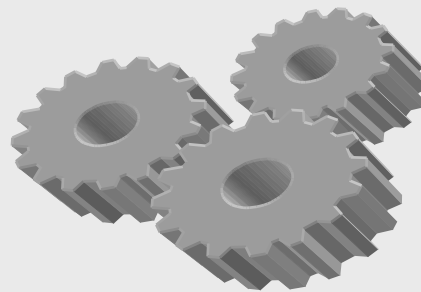
AMF In - Reg, an integral part of the MIS





Cooperation is a main tool towards the successful implementation of the electronic supervisory system

AMF In - Reg



Thank You!