

Implementing the ORSA in the U.S., an IAIG's Perspective

Global Insurance Supervision Conference

**Presented by: Elizabeth Ward, Executive Vice President and
Chief Enterprise Risk Officer, MassMutual**

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We'll help you get there.™

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Introduction to MassMutual

- **Massachusetts Mutual Life Insurance Company (MassMutual) is a mutual company operating for the benefit of its policyholders**
- **Offer a comprehensive portfolio of insurance and accumulation products including life insurance, disability income insurance, long term care insurance, annuities, broker-dealer and trust services, and a full range of retirement plan products and services for defined contribution, defined benefit and nonqualified deferred compensation plans**
- **National network of over 5,000 financial professionals ⁽¹⁾**
- **Exceptional financial strength ratings ⁽²⁾**
- **Major affiliates include**
 - **MassMutual International LLC with wholly owned insurance companies in Hong Kong and Tokyo**
 - **Babson Capital Management LLC, Baring Asset Management Limited, Cornerstone Real Estate Advisers LLC, and OppenheimerFunds Inc. are significant asset management operations with major offices in Boston, Hong Kong, London, and New York**

⁽¹⁾ As of 12/31/2012

⁽²⁾ Financial strength ratings as of 9/1/2013: A++ (Superior) from A.M. Best, AA+ (Very Strong) from Fitch Ratings, Aa2 (Excellent) from Moody's Investors Service, AA+ (Very Strong) from Standard & Poor's. Ratings subject to change.

U.S. Own Risk and Solvency Assessment Features

- **Risk Management and Own Risk and Solvency Assessment (ORSA) Model Act**
 - **Adopted September, 2012 by NAIC Executive Committee and Plenary**
 - **Each jurisdiction is expected to adopt the risk management and ORSA requirements into state law prior to 2015**
- **Non-prescriptive, because each ORSA depends on risks that are unique to that insurer**
- **Forward-looking to encourage management to anticipate potential capital needs and take action**
- **Assessment appropriate for the nature, scope and complexity of the insurer or group**
- **Output is a set of documents that demonstrate the results of management's self-assessment**
- **No mechanical way to conduct an ORSA. This is left to each insurer to decide, and actual results and contents of an ORSA report will vary from company to company – Own Risk and Solvency Assessment (ORSA) NAIC.org Updated 7/19/13**

ORSA Feedback Pilot Project

- **Pilot allows for experience in reviewing ORSA reports to understand and increase the use of reports and provides high-level feedback to the industry**
- **Continue revising guidance manual and examiner training**
- **Need for confidentiality better understood after reviewing proprietary company-specific materials**

ORSA at MassMutual

- **Documents our ERM framework and key elements of our program**
 - **Indicates a robust set of risk management systems, processes and controls**
 - **Demonstrates risk management information used in management's understanding and decision making**
- **NAIC committee feedback was helpful so as to know of any specific requirements (i.e., organization charts, details on assumptions, and comparisons versus prior year's ORSA) although this specificity of ORSA elements does raise some concerns**
- **Useful in efficiently communicating a summary view of enterprise risk management**

What We Expect with U.S. ORSA in 2015?

- **ORSA will remain flexible in its form and content to allow appropriate reflection of nature, scope and complexity of insurer or group**
 - **Management's assessment of its current and expected solvency position and associated risk management**
 - **Describe material exposures and their risk management**
- **Confidentiality**
- **Efficiency**
 - **Annual reporting requirement**
 - **ORSA will ultimately lessen the amount of time regulators and state examiners review historical financials and will allow for a risk-focused, prospective review**



We'll help you get there.SM

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