

# Catlin Group Limited

## Approach to Group Supervision

Paul Element

Head of Risk

Catlin Group Enterprise Risk Management

# Catlin ERM Vision

*“An embedded Group-wide Risk and Capital Management Framework  
that strengthens strategic and operational decisions”*

## Principles

Explicit Risk Appetite

Economic Best Estimates

Transparent Communication

Models that increase understanding

Separate complex issues into manageable components

Question how things can operate differently from assumptions

What problem does this solve? How does it create shareholder value?

**S&P ERM Rating Strong**

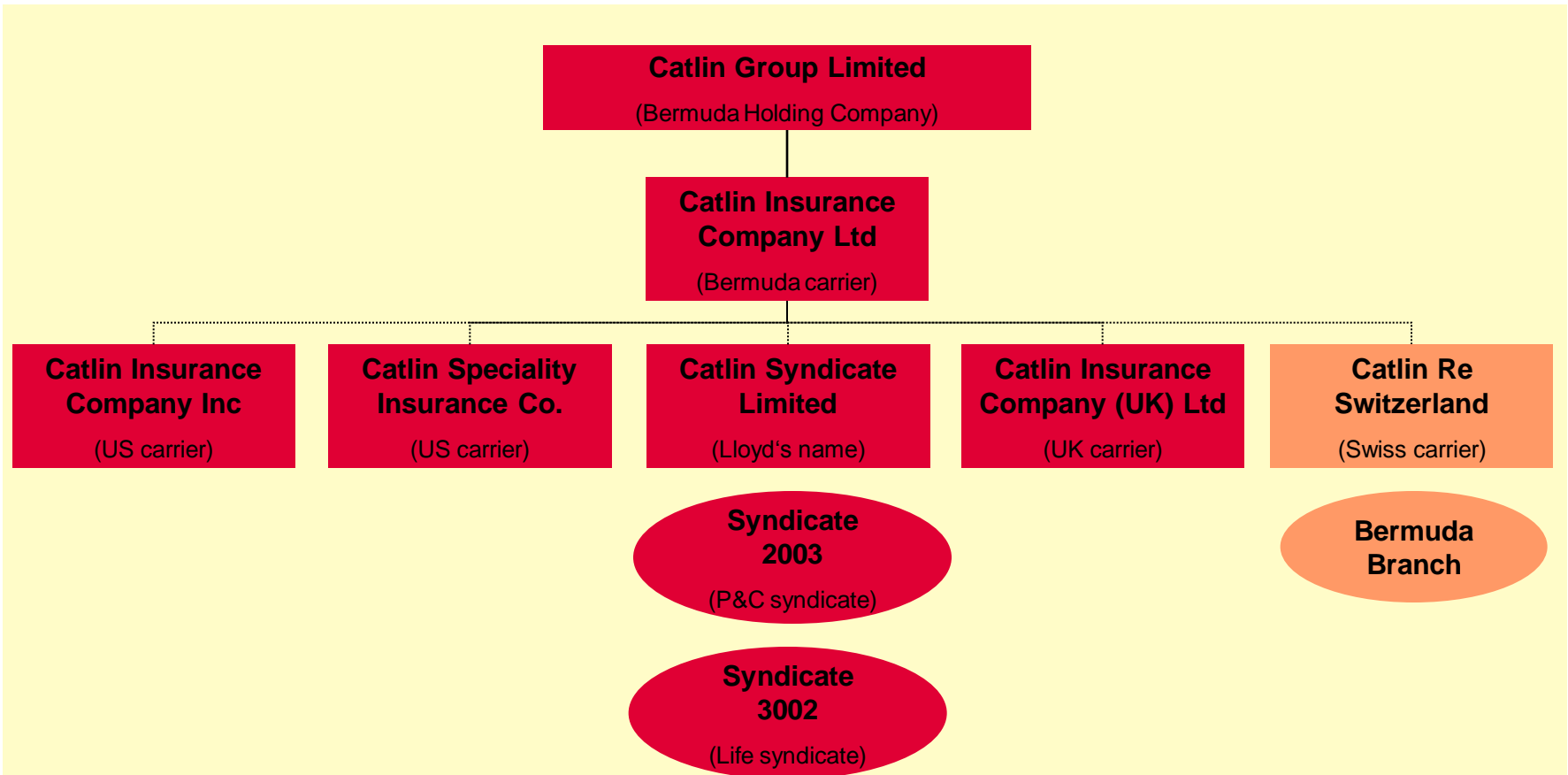
# Key Objectives

- Stronger Decision Making
  - ◆ Efficient capital utilisation
  - ◆ Informed decision making
  - ◆ Enhanced strategic thinking which can react to market opportunities and add competitive advantage
  - ◆ Integrated and/or common platform(s) for sharing information
  
- Risk Monitoring
  - ◆ Monitoring and limit framework in place for all critical risk areas
  - ◆ Reporting through Group Risk and Capital Committee (RCC) to Group Executive Committee (GEC)
  
- Risk Appetite
  - ◆ Ability to communicate the relationship between risk and business strategy with a clearly defined risk appetite
  - ◆ Consistent approach between Group and hubs
  
- Regulatory Relationships
  - ◆ Regulatory approval of Internal Model
  
- Competitive Advantage
  - ◆ Remain towards leading edge of an evolving process

# Catlin ERM Regulatory Aim

- To ensure the Catlin Group ERM Model is approved by the Group supervisor and all relevant local regulators to calculate all regulatory capital requirements

# Simplified Structure



*This structure will apply to risks underwritten as of January 1, 2011*

# Working with Regulators

- Bermuda Monetary Authority (“BMA”)
  - ◆ We consider as our Group regulator
  - ◆ Working with BMA to assist their efforts with equivalency
  - ◆ Piloting Group BSCR and providing Group and Solo QIS for comparison in December 2010
  - ◆ Draft CISSA (ORSA) Q2 2011
  
- FSA
  - ◆ Catlin UK and Lloyd’s Syndicates regulator
  - ◆ Catlin were the property and casualty internal model pilot company
  - ◆ Front of pack for Internal Model Approval Process (IMAP)
  
- US
  - ◆ Ensuring US companies are Solvency II equivalent to feed into Group regulator
  
- FINMA
  - ◆ Working with closely on start up of Catlin Re Switzerland

# Group wide Solvency II standards

- Clear and transparent communication with regulators to ensure all have an holistic view of Group wide approach to ERM & the Catlin ERM Model
- Effective and well established controls to mitigate Group risk to all subsidiaries
- Ensuring that there is effective model governance that is implemented consistently throughout the Group without prejudice to any local legal regulatory requirements
- Quarterly Group and legal entity ORSA / CISSA
- One day training course on ERM model and Solvency II
- Group wide ERM documentation

# ERM Model Governance

## Feedback loop working for all Group stakeholders

In operation since January 2010

