

INSURANCE

Governance, Regulation and Compliance

Representative Governance, Regulation and Compliance Engagements and Services

- Assessment of Compliance Effectiveness
- Assessment of Governance Effectiveness
- Board of Director Reports and Disclosures
- Compliance Monitoring
- Compliance Program Development and Enhancement
- Independent Internal Audits of Compliance and Risk Management Programs
- ORSA Program Assessment and Enhancement
- Regulatory Review, Interpretation and Remediation
- Sarbanes-Oxley Assessment and Enhancement
- UK s.166 Skilled Person Review
There are two types of Skilled Person Review under the UK Financial Services and Markets Act (FSMA), which gives the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA) the power to commission reviews by Skilled Persons. FTI Consulting has been appointed to both the FCA and the PRA Skilled Person Panels for seven areas of expertise, including Prudential Insurance; and Prudential Investment Firms and Recognized Investment Exchanges.

We are also able to work with clients to prepare for a Skilled Person Review carried out by other Panel members in order to proactively manage the process, to anticipate weaknesses and put remediation programs in place ahead of regulatory requirements.

Complying with the complexity and impact of regulations requires an integrated approach that leverages existing enterprise infrastructure; and one that provides a path forward for compliance, combined with continuous financial and operational improvement. These imperatives are supported by properly designed governance structures that provide clear definitions for requirements, guidance, authorization, responsibility, controls and communication related to regulatory compliance. Our Global Insurance Services team has the experience and expertise to help clients develop governance frameworks, conduct internal audits to assess needs and effectiveness, and to understand, remediate, manage and comply with specific requirements of each regulatory regime.

Governance Frameworks

Effective corporate governance requires proactive and credible involvement in the financial and operational drivers of the business: establishing requirements, roles, responsibility, authority, and accountability for major enterprise initiatives; communicated and actualized through policies, standards, processes and controls; and supported by the appropriate underlying culture. We are experienced at establishing governance frameworks, and assessing and remediating governance risk, improving the integrity and value of information flowing between management and the board; as well as assessing processes, controls, financial functions and various quantitative models, methods and data applicable to risk decision making.

Regulatory Interpretations and Remediation

Our consultants provide an objective interpretation of regulations and their myriad changes to help clients understand what is required to achieve and maintain compliance. Our interpretations take into account the forward-looking, judgment-based and outcome-focused nature of regulations as U.S. and UK regulators seek to harmonize regulations across regimes. This includes a focus on governance and conduct, with quality of customer outcomes as a prime objective. Clients also depend on our experts in moments of crisis – responding to regulatory information requests; preparing for a regulatory visit, or when, for example, a UK s.166 Skilled Person Review is required (see sidebar). In remediation situations, our team is able to draw on experts with experience and expertise in the specific UK or U.S. regulatory matter, such as:

- Stress test failures
- Inadequate capital planning or liquidity deficiencies
- Deficiencies in risk management governance, including board issues
- Insufficient evidence of a “risk culture”
- Inappropriate risk taking
- Misalignment of compensation
- Restructuring or divestiture requirements

Independent Internal Audits

Our regulatory interpretation and remediation initiatives, as well as compliance and other client requirements, are supported by our independent internal audit capabilities, including financial and operational audits, risk assessments, quality assessment reviews of the internal audit function, and compliance services covering specific in-country regulations. Our clients benefit from these services in three major ways.

- Assurance that independent, credentialed professionals with specific domain experience and expertise are assigned to perform audits
- Objectivity, with perspective and an understanding of unique contextual issues
- Early identification of problems, with recommendations and establishment of sustainable compliance

Solvency II (SII) and ORSA

As insurers and reinsurers address the requirements of SII and ORSA, focus must shift toward ensuring that strategies of the parent entity sustain and optimize global competitive capabilities, and that implementation within subsidiaries is, and remains in harmony with those strategies. Our regulatory and compliance teams help clients address these imperatives by assessing critical SII and ORSA “post-gap-analysis” strategies and implementation initiatives, including project management, governance changes, risk and controls environment, capital management, functional processes and controls, data quality and controls, data collection, modeling and analysis, and compliance and reporting.

This specifically includes confirming model use and integrity – ensuring alignment on all capital and risk modeling by testing validation of each model, with results integrated into an aggregated view that satisfies parent strategies and objectives; and is integrated into day-to-day operations. We also help ensure that the organization has effectively achieved a “risk centric” culture in line with the expectations of regulators.

As important, we enable clients to take advantage of SII and ORSA as an opportunity to achieve other objectives. For example, our experience has revealed that processes degrade or become stale over time due to changes in business requirements, systems, personnel, and organizational structure. SII and ORSA provide an opportunity to assess and optimize many of these functional components related to risk decision making.

Sarbanes-Oxley

Since 2002, the Public Company Accounting Oversight Board, under authority of the Sarbanes-Oxley Act, has overseen the activities of the auditing profession in fulfilling the mandates of the Act to enhance corporate responsibility and financial disclosures, and to combat corporate and accounting fraud.

Adhering to these objectives has required companies to implement and maintain intricate systems, policies and procedures that need constant attention in order to ensure their relevance and integrity.

We help our clients meet the requirements of Sarbanes-Oxley through a combination of the services and capabilities outlined above – governance frameworks, regulatory interpretation and remediation, compliance programs, independent internal audits, and leveraging common structural, process and control components within the risk management value chain.

Compliance Programs

Corporate compliance requirements comprise seven key areas - legal, regulatory, company culture, policies and procedures, business standards, ethical behavior, and market culture and customs. All of these requirements are characterized by their inter-related, complex and dynamic nature. The challenge faced by clients is to achieve enterprise compliance effectively without disruption to the mission and business objectives of the enterprise.

Our team of experienced consultants helps clients meet this challenge by interpreting compliance requirements, identifying compliance issues and priorities, and closing any gaps in achieving compliance. Our approach recognizes that most compliance programs have more commonalities in their structure than differences. Our insurance consultants apply their experience and expertise in leveraging these common structural components to create or enhance an overarching governance framework, with the information, processes, controls and reporting needed to effectively manage and achieve compliance.

In addition, we have served as monitors of some of the largest insurance entities, ensuring their conformance to legal and regulatory mandates.



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EXPERTS WITH IMPACT

About FTI Consulting

FTI Consulting, Inc. is an independent global business advisory firm, dedicated to helping organizations manage change and mitigate risk: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. Connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

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