



Crenca & Associati
Actuarial and Risk Management Advice



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Crenca & Associati was founded by Prof. Crenca's professional experience, beginning from 1991 in the Insurance, Banking, Financial and Corporate fields, alongside with significant scientific university and international experiences. He was also involved in several leadership positions, such as a member of Boards. During this professional journey, his cooperation with young actuaries was quite important, some more experienced than others, but all dynamic and highly motivated.

Beginning from these meetings, the Actuarial Consulting Office *Crenca & Associati* was born. We strive to maintain continuity with our roots and our independence with a new aim of reaching the highest quality, efficiency and communication standards.

Crenca & Associati is composed of:

**Principal
Partners**

Giampaolo Crenca

Daria Altobelli

Salvatore Forte

Donato Leone

Cristina Liserre

Simona Volpe

Mario Ziantoni

Consultants

Gianluca D'Acunto

Maria Mochi

Massimiliano Giacchè

Valeria Santucci

Cristina Alfieri

Nino Montemarano

Vincenzo De Tata

Antonella Stasi

Pamela Tiripicchio

Albano Cesari

Crenca & Associati relies upon a team made up of financial, legal, and economic experts and also the cooperation of external advisors who have experience in internal auditing, solvency, International Accounting Stan-

dards in the Insurance field and Corporate and Insurance Risk Management.

Crenca & Associati's head quarters is in **Rome**, while we have a second office in **Milan**.

The most important aim of *Crenca & Associati* is to provide **the highest quality actuarial advice** in every possible field including the Insurance, Corporate, Banking, Financial and Social Security sectors. We achieve this through individual expertise within our larger corporate structure, that is dynamic, motivated and has, as main target, to improve its professionalism constantly.

Crenca & Associati also maintains connections with foreign consulting and actuarial firms and is a **member of Euracs**, a European network of independent consulting actuaries.

These experiences allow a better knowledge of other markets and the cooperation in international projects.

Principal and partners regularly deliver lectures in seminars and conferences in Italy and abroad, about various themes concerning the financial, social security and insurance markets. They have constant contact with the academic and scientific world; moreover they appear in publications on the same themes.

Crenca & Associati is also assisted by **Kriel Ltd.** in some of activities that will be described in this brochure.

We are a **partner company of MIRM** (Master in Insurance & Risk Management) at MIB-National and International training school in Trieste, and teach there sometimes.

A section of *Crenca & Associati*, the **Study Department**, is devoted to develop scientific models, as well as ideas and projects connected to specific professional targets. It acts as a constant stimulus for improvement to our application of financial, statistic and actuarial techniques.

Social Security and Welfare

Crenca & Associati offers advice in all pension fund fields: pre-existent, contracted-out (“negoziali”) and open (“aperti”) Pension Funds, individual pension insurance products, and matters concerning the basic and individual social security system. *Crenca & Associati* has gained specific experience regarding all the activities of a pension fund, specifically in the administrative, financial and annuities management fields.

Here under you will find the main activities:

- Arrangements of statutes, rules and agreements concerning administrative and financial management.
- Arrangements of technical balance-sheets.
- Support in order to pass from a defined benefit pension fund to a defined contribution pension fund.
- Conversion procedure from a pre-existent pension fund to a contracted-out pension fund.
- Arrangements for the agreements between a pension fund and a Life Insurance Company for the payment of annuities and additional insurance coverage. Direct management of the annuities.
- Support in authorization and management of pension funds, business plan arrangements, selection of administrative managers, financial managers, depositary bank and Life Insurance Companies, compliant in respect of Supervisory Authority.
- Monitoring of financial management, feasibility analysis about “monocomparto” or “multicomparto” system, constitution and analysis of guaranteed investment lines and identification of control systems of financial performance.
- Asset-Liability Management.
- Analysis of the characteristics and needs of members and estimation of risk profiles considering the level of the coverage in the social security schemes.
- Employee benefits and possible international implications.

Moreover, on the basis of our wide experience in the social security field, we offer specific advice and assistance to move from a “retributive” to a “contributive” system. In such cases *Crenca & Associati* considers all aspects regarding rule changes, actuarial evaluations of technical balance-sheets, the effect on subjective, supplementary or other kinds of contributions and on future benefits, the effect on the legal reserve in technical balance-sheets and the possible introduction of minimum financial guarantees.

In the welfare field, *Crenca & Associati*, has performed specific analysis in order to search the best insurance products. Other analysis have been done about economic feasibility of health services, the consequences coming from various reforms in this field, the possible insurance solutions and setting up of additional health funds included the problems related to tariffs. Moreover, Principal and some partners are directors of “contracted-out” and “open” pension funds as well as individual pension benefit plans.

Life Insurance

Crenca & Associati has a strong presence in the Life Insurance field, performing a range of duties, including “Appointed Actuary” and “Auditor Actuary”.

The main activities are:

- Calculation of the Embedded Value and Appraisal Value for insurance and reinsurance companies.
- Calculation, in outsourcing, of the technical reserves related to the rules of the Italian balance-sheet.
- Arrangement of new products and profit test.
- Arrangement of specific lapse tables classified according to different causes.
- Costs analysis.
- Support to International Audit.
- Asset-Liability Management.

In the last years *Crenca & Associati* has provided advice to companies in the International area. From these experiences we have put ourselves in a good position to support companies who wish to work in Italy under the “freedom allocation regime” and supporting the Appointed Actuary of foreign companies.

Crenca & Associati always provides constant in depth collaboration to technical departments of insurance companies offering them a daily presence; enabling them to achieve their goals.

Special importance has been given to the support or the new start-up in the insurance activity or the extension into other life classes, including product arrangements, business plans, technical reports, reinsurance strategy, network organization and staff training.

General Insurance

In General Insurance, *Crenca & Associati* performs several activities that range from the traditional fields of the actuarial profession to more innovative activities related to new methodologies for the calculation of reserves and new products. Furthermore, the “Audit Actuary” and the “Appointed Actuary” in Motor Insurance activities are also included.

Here under you will find the most significant activities:

- Audit and calculation of claims reserves in the Motor Insurance class (RCA), and generally in the long-tail classes, through the most common techniques and with our own innovative methodologies.
- Calculation of tariffs in Motor Insurance and other classes.
- Audit of other technical reserves.
- Arrangements of health and accident products.
- Profit test concerning General Insurance classes.
- Calculation for the Embedded Value and Appraisal Value of insurance and reinsurance companies and evaluations related to sale, merger and acquisition operations.
- Asset-Liability Management.

As for Life Insurance, so for General Insurance special importance has been given to the support or the new start-ups in the insurance activity or the extension into other classes, including product arrangements, business plans, technical reports, reinsurance strategy, network organization and staff training.

Solvency II, Insurance Risk Management and New International Accounting Standard (IAS/IFRS)

For quite a long time the European Supervisory Authorities have been discussing a new approach for the calculation of Solvency in Insurance Companies, in both Life and General classes, in order to raise policyholder’s protection, to provide better guarantees in the solvency of companies and to ensure more regular control in Europe. Such approach will establish a continuous process of risk management completely changing the existing management system.

This project, called “Solvency II”, will imply specific rules and/or appropriate standards to be followed. Apart from compliance rules that will be imposed by the law, insurance companies’ problems connected to Solvency represent a fundamental need that must be dealt with. The operative answers to such problems have to take into account other specific requirements of the companies such as market competitiveness, increases of shareholders’ profits, aspects that are strictly connected with management improvement and the optimization of timing and executive modalities of the insurance processes. The new approach’s goal, through a continuous checking progress is to give companies’ top management and shareholders specific information relating to:

- Risk monitoring and related calculations
- Minimum solvency level, with both standard and internal models
- Capital that is necessary to face the minimum solvency level
- Risk Management improvement
- Impact about the portfolio’s profitability

The Italian Insurance Authority, ISVAP, by the rule n. 577/2005, anticipated “Solvency II”, and introduced the role of Risk Manager. *Crenca & Associati* has performed several assignments in this field, including outsourcing in Life and General Insurance. In fact, *Crenca & Associati* has a multidisciplinary staff, that can deal, partially or totally, with all the tasks from identification and mapping of risks, to calculation by quantitative models, standard and internal, with stress tests in each.

Moreover, *Crenca & Associati* constantly offers assistance in **compilation of various documents QIS**, in order to give useful information for the development of the Solvency II project.

We can add other considerations, specifically in reporting and **the introduction in the Italian law of the New International Financial Reporting Standard (IFRS)**, already known as IAS (International Accounting Standard), which will develop in two phases.

The standards, **based on the Fair Value concept**, involve significant change in management and balance-sheets of insurance companies, in particular, for the products' classification (including also the unbundling and embedded derivatives approach) and for Assets and Liabilities evaluations applying specific techniques, analysis and elaborations like Liability Adequacy Test and Shadow Accounting (IFRS4).

Crenca & Associati, drawing from our experience in the national and international markets, supports Life and General Insurance Companies in all the new aspects related to the implementation of the New International Accounting Standards. Another way we do this is prospectively through specific modelling, in order to evaluate technical reserves at fair value (stage II and ideal passage to Solvency II).

Another area in which *Crenca & Associati* has a wide knowledge is the evaluation of Companies' obligations through a defined benefit plan according to the International Accounting Standard IAS19.

This evaluation has been frequently applied to the Termination Indemnity (TFR), extending also in other even more complex accrued funds in order to finance future deferred benefits. In this field, *Crenca & Associati* has already faced the problems related to destination of TFR into a Pension Fund. Moreover, *Crenca & Associati* has accrued much experience in the evaluation of stock option plans, taking into account the indications supplied by the International Accounting Standard IFRS2, in the financial evaluation according to the International Accounting Standard IAS39, and in the evaluation of leasing operations related to International Accounting Standard IAS17.

Crenca & Associati has constantly performed strategies related to **Corporate Risk Management**, in particular, quantitative methods for risks' evaluation. After having identified, located and evaluated the corporate risks by specific models, the analysis process involve the strategies that will be made through statistical-financial and actuarial models.

Studies and analysis are works in progress for the new field: the project Risk Management.



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