

Life second line – Life CF model validation

Life Insurance & ALM

Level of Intervention

- Consulting
- Expertise
- Project & Stakeholder Management

Tools & programming

- Excel
- RAFM
- Python

Context & issues

The Actuarial Function of our client had to validate the new model used for CF projection within the S2 Framework. The model includes the modelling of life insurance products (Individual & EB), as well as asset models to project financial results for profit-sharing purposes.

The model was developed by the first line, and it was decided that the actuarial function would perform a validation, resulting in a validation report presented to the NBB and aligned with the client's model risk policy.

Detail of the intervention & realisations

- Integration into the model governance and project governance frameworks (participation in project committees, steering committees with CXO stakeholders, interactions with the NBB and group, etc.).
- Review and challenge of the documentation produced under the model development framework:
 - Business Requirements
 - Implementation Specifications
 - Test Reports
 - Release Reports
 - Model Documentation
- Independent testing based on shadow models and individual test cases in AoC
- Deliverables shareable with all stakeholders:
 - Validation report
 - List of recommendations and follow-up points
 - Tailored presentations at various levels (from Audit and Risk Committee to operational committees)