

Press Release

TROIKA – UK’s first Insurance Sector Consortium launched to provide Independent model Validation Assurance for Solvency II

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Three specialist insurance sector consultants have joined forces to help (re)insurance companies prepare for Solvency II. The alliance known as TROIKA, comprises Barnett Waddingham, the UK’s leading Independent Actuarial and Insurance Consultants, Experimentus, the process improvement and assurance firm, and Synergy Compliance Solutions (SCS) EMEA, the compliance technology experts.

Solvency II sets out two methods for the calculation of the Solvency Capital Requirement (SCR): (1) the European Standard Formula and (2) a firm’s own internal model. Without FSA approval of its internal model, a firm would have to adopt the European Standard Formula for calculating its SCR, which potentially will require significant levels of additional capital, and as such a large number of UK firms are expected to develop their own internal model.

FSA executives have recently raised questions over the level of independence and thoroughness of internal model validation. A recent survey conducted by Barnett Waddingham revealed that 80% of respondents are or will be validating their model internally and 73% of respondents have found the validation process challenging.

TROIKA will review (re)insurance Companies internal model validation process and provide company management teams with truly independent assurance that their model will meet with Solvency II requirements.

There are three distinct strands involved in comprehensively assuring model validation – actuarial expertise, process assessment & assurance, and data & technology assessment. While there are other consultancy firms who are experts in one of these areas and aim to provide the remaining capabilities, TROIKA is the only provider in the UK that brings together market leaders from each distinct field, providing comprehensive assurance across the full spectrum of validation.

John O’Neill, Partner at Barnett Waddingham, commented, *“This is a great opportunity to work with leading companies to provide a much needed service to the UK Insurance Industry.”*

Julian Clarke, Director of Sales & Marketing at Experimentus, commented, *“We are pleased to be working with both Barnett Waddingham and SCS. Our combined capabilities offer UK Insurance firms access to both an independent and comprehensive assurance service that covers the full spectrum of validation under a one-stop-shop”*

Commenting on the Consortium, Harpreet Julka, Director at SCS said, *“Solvency II is transforming the way the Insurance Industry works. TROIKA will help accelerate the journey that UK firms are undertaking to implement Solvency II and we are delighted to be playing a catalytic role”*

About Barnett Waddingham:

Barnett Waddingham LLP is an independent firm of actuaries and consultants with seven [offices](#) throughout the UK. We offer a full range of professional services to insurance companies,

friendly societies, Lloyd's and pension schemes. These services include actuarial function, capital management, product development and business strategy reviews.

About Experimentus:

Experimentus is an IT solutions and services company that specialises in software quality management. The range of solutions it provides helps organisations to reduce the risks associated with software development lifecycle and enables organisations to properly manage, control and measure existing IT applications.

About Synergy Compliance Solutions (SCS) EMEA:

Synergy Compliance Solutions (SCS), the leading compliance technology services company, is a part of the Synergy Consultants Group (established since 1989). Our singular mission is to help companies navigate the complex challenges of regulatory compliance through the efficient and effective use of technology. We provide Consulting, Programme Management and Services to help financial services companies 'Accelerate compliance through Technology'

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Notes to editors:

More information about Barnett Waddingham's Solvency II survey can be found here: <http://www.barnett-waddingham.co.uk/news/2012/05/barnett-waddingham-survey-reveals-low-confidence-in-solvency-ii-implementation-date/>.

While independent assurance of model validation for firms developing internal models is TROIKA's current priority, the Consortium is very well placed to assist both internal model and Standard formula firms with other ensuing challenges around preparation for ORSA and Pillar 3 reporting.

TROIKA's vision is to provide an excellent model validation assurance service and to be recognised as an industry leader for model validation assurance.