

# Solvency II for asset risks

The essential legal &  
risk management tools  
to stay on top of Solvency II



# Simmons & Simmons

## Concerns

- Do you worry about the risks of Solvency II? Could the regulators make an example of you?
- Do you have the resources to analyse and identify the potential risk areas you face where you and/or your clients are affected by Solvency II?
- Do you worry about missing something or being out of step with the market?
- Do you wish you could update all your agreements governing insurer/asset manager arrangements to be “Solvency II compliant” without having to review all existing documents?

## How can we help?

Solvency II requires some rethinking of the way asset managers and insurers interact. As the regulators make clear, insurers will increasingly need to demonstrate why they have chosen to use a particular asset manager and show that they understand and control their asset management arrangements. Under Solvency II, an insurer must have in place effective risk management systems for their third party arrangements such as asset management. To assist with this, we set up a working group (comprising a number of leading members of the asset management and insurance industry, including the Investment Association) for 6 months to produce the S2 Services Agreement ([S2SA](#)).

## Why should you use the S2SA?

Using the [S2SA](#) you can:

- Minimise your liability/regulatory exposures
- Have confidence that all asset information (not just the data to be incorporated in Solvency II QRTs) can be provided in a manner which meets the regulatory and other needs of insurers and asset managers
- Identify the potential risk areas arising from the impact of Solvency II, including where there is an indirect relationship between an asset manager and the insurer

- Confidently address the scope of outsourcing and use of third parties and understand S2 outsourcing contractual requirements, while still achieving contractual certainty for all parties
- Use NDA's efficiently and wisely
- Minimise the need to review all documentation for "Solvency II compliance" - instead you can use the S2SA

## Training

The Corporate Insurance team at Simmons & Simmons has regular contact with many leading insurers, asset managers and funds, regulators and trade bodies across Europe. They also publish and contribute to leading publications on Solvency II, including "The top ten things every fund manager needs to know about Solvency II" and the governance chapter in the Practitioner's Guide to Solvency II (April 2016, published by the Thomson Reuters group).

### Benefits of a S2 training session:

- Mitigating the effect of knowledge "silos" – the session is an effective means of sharing S2 knowledge and concerns in different teams across the organisation, a key requirement of Solvency II for risk management
- Obtaining insights into current "hot topic issues" (including securitisation investments), emerging market practices and practical solutions
- Evidencing to regulators that an organisation is engaging with its own regulatory obligations arising as a result of increased regulatory emphasis on insurers' asset management outsourcing arrangements
- Identifying and understanding where regulators are likely to want to see evidence of better oversight and control of clients' asset management arrangements
- Evidencing to regulators that an organisation is engaging with and understands what Solvency II requires of them

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## Interested?

We provide access to the S2SA template for a one-off fee of £12,000 (plus VAT). This includes any updates during the course of 2016.

Training is provided for a fixed fee of £3,000 (plus VAT).

If you would like to find out more information about the S2SA template and/or the training we provide, please contact Pollyanna Deane and Sophie Hiley, whose details are as listed below.



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