

**Gabrielle O'Donovan**



# **SOLVENCY II**

**Second Edition**



A **Gower** Book

**Stakeholder Communications  
and Change**

## *Solvency II*

*To Theresa, a brave and faithful heart*

# *Solvency II*

Stakeholder Communications and Change

Second Edition

GABRIELLE O'DONOVAN

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## ABOUT THE AUTHOR

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As a change management expert, Gabrielle O'Donovan has worked on a variety of large programmes to align the workforce and other stakeholders with business priorities. At Friends Life, Gabrielle led stakeholder management and communications for the Solvency II programme during Trevor Matthews' tenure as CEO. She had similar responsibilities at Dublin Airport Authority (DAA), Ireland, for the building of Terminal Two and was instrumental in helping the DAA achieve capital expenditure approval from the Regulator. Prior to that, Gabrielle led a multiple award-winning change management programme for HSBC bank, Hong Kong and five subsidiary companies. 'Together, We Win!' established a service culture in the bank which went on to win the Hong Kong industry 'Grand Award for Customer Service' for the first time in history. 'Together We Win!' also won an ASTD Excellence in Practice Award 2005 (USA), and a Best Practice in Training and Development Award 2003 (Hong Kong).

Gabrielle's first book, *The Corporate Culture Handbook*, was rated in the 'top 1 per cent of best business books for 2006' by lead USA reviewers *Business Book Review*. She is also author of a number of papers published in *Corporate Governance International*, *Banking Today*, *Best Practices Management* and the *International Journal of Knowledge, Culture and Change*. Gabrielle has lectured on culture and change as an Associate Professor for the MBA programme at Danube University, Krems, Austria, and for a master's degree module on organizational culture and change at Hong Kong Polytechnic University, China. She is a sought-after keynote speaker on the international circuit and is on the Advisory Board of Emerald Management First.



Gabrielle has a Master's Degree from the University of Sheffield, UK. She has numerous professional affiliations, including membership of the Association of Change Management Practitioners (APMG), and is a member of Mensa. Gabrielle lived in Hong Kong for 13 years, retaining strong connections with the region, and is now based in Richmond, Surrey, UK. She can be contacted at: [director@gabrielleodonovan.com](mailto:director@gabrielleodonovan.com).

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## ABOUT THIS BOOK

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With the Solvency II deadline approaching, and full implementation expected from January 2016, affected entities are at varying states of readiness, with embedding Solvency II into everyday practices becoming a major focus. Programme Stakeholder Communications need to be robust to secure compliance and buy-in on both internal and external fronts. If your CEO fails to communicate to the markets your organization's ability to deliver on the EU Directive, or if a local Regulator finds that your Board has failed to embed a risk culture that is aligned with Solvency II, your ability to operate in the Solvency II world will be questioned.

*Solvency II: Stakeholder Communications and Change* demonstrates how to negate such risks. It demonstrates how to establish, implement and maintain a stakeholder management and communications framework which supports people through change and which is framed by the European Union Solvency II Directive supporting guidance; in particular:

*insurance and reinsurance undertakings shall have in place a system of governance which complies with at least, the following; to establish, implement and maintain effective cooperation, internal reporting and communication of information at all levels of the undertaking ...*

*... insurance and reinsurance undertakings shall have in place an appropriate culture and environment that supports effective internal control activities, effective information and communication procedures and adequate monitoring mechanisms.*

*Solvency II: Stakeholder Communications and Change* also contains groundbreaking work on how to create a Solvency II compliant risk culture, using the 'risk culture framework' to embed desired values and behaviours. This approach provides optimal support for the Solvency II approval process and life in the Solvency II world. The focus of *Solvency II: Stakeholder Communications and Change* is, in essence, managing people through change in a regulatory change context.

This book is organized into eight chapters, each designed to share best practices and lessons learnt, using plain language, clear examples and providing new and practical tools and models. This book takes an industry-wide perspective and is based on a number of years' experience working in the programme management regulatory environment together with extensive industry research. *Solvency II: Stakeholder Communications and Change* is an essential text for all involved in Solvency II implementation. This revised edition has been updated to reflect developments in the Solvency II world and illustrate current challenges faced by affected entities.

The primary audiences for this book are the army of delivery partners who will make Solvency II a reality – programme directors, programme managers, project managers, actuaries, specialist support staff (press officers, communication managers, HR and market research experts), ERM managers, interim managers and consultants and – on the external front – EU insurance regulators, country regulators and industry lobby groups.

The secondary audiences for this book include international insurers and reinsurers who do business in the EU and who are subject to its regulatory system, and those in the global financial services industry who are not directly affected at the moment but who may face similar regulatory regime change in the future.

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## FOREWORDS

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### FOREWORD BY TREVOR MATTHEWS

Solvency II will introduce a common, European-wide approach to prudential regulation. This more market-consistent and risk-sensitive regime which has been in development for over a decade will radically affect the supervision and operation of insurers and reinsurers across the continent.

While capital requirements are a central theme, Solvency II is also much about organizational, operational and behavioural changes – it requires changes in *how we do things around here* to ensure that effective risk management, governance and reporting are embedded throughout the organization. Everyone in the firm needs to be making decisions based on the organization's risk appetite.

The full implementation of Solvency II requires a massive effort but the new system provides the framework for organizations to develop a new approach to decision making, to realize synergies and to create new products to meet the needs of changing markets.

As we enter the final countdown period, with the implementation date now set at 1 January 2016, Solvency II can be a trigger for introducing grassroots improvements. Adopting a holistic approach, which embraces organizational, operational and behavioural change will position your group to optimize the benefits from this historic development. Don't miss the opportunity!

Trevor Matthews,  
Non-Executive Director at Bupa Australia,  
Sydney



## **FOREWORD BY ADRIAN BALFOUR**

Solvency II represents the greatest change for the European insurance industry in some 50 years. It will radically change the supervision of insurers and reinsurers across the whole of the European region.

Structured change management can help facilitate the organizational, cultural and people changes needed for successful Solvency II implementation so as to identify hidden risks, ensure adoption and maximize associated benefits. Good stakeholder management and communications ensure that disparate groups are engaged appropriately, with the right people getting the right messages at the right time, while activities that drive and embed culture transformation can increase adoption of Solvency II and enable benefits realization.

This book addresses a neglected niche in the market and explains how to address these important challenges. It tracks the progress of Solvency II, considering first how it originated and then explains how to manage organizational change activities to prepare for full implementation on 1 January 2016.

Embracing change is critical to survival and progress. To quote C.S. Lewis, ‘It may be hard for an egg to turn into a bird; it would be a jolly sight harder for it to learn to fly while remaining an egg’.

Adrian Balfour,  
Founder of PCubed and entrepreneur

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