

An Introduction to ORSA

June 12, 2025



Own **R**isk and **S**olvency **A**ssessment

ORSA

Defined by NAIC Risk Management and
Own Risk and Solvency Assessment
Model Act (#505)

Designed to promote financial safety
within the insurance market

ORSA



NAIC OWN RISK AND SOLVENCY ASSESSMENT (ORSA) GUIDANCE MANUAL

**Maintained by the
Group Solvency Issues (E) Working Group
of the Financial Condition (E) Committee**

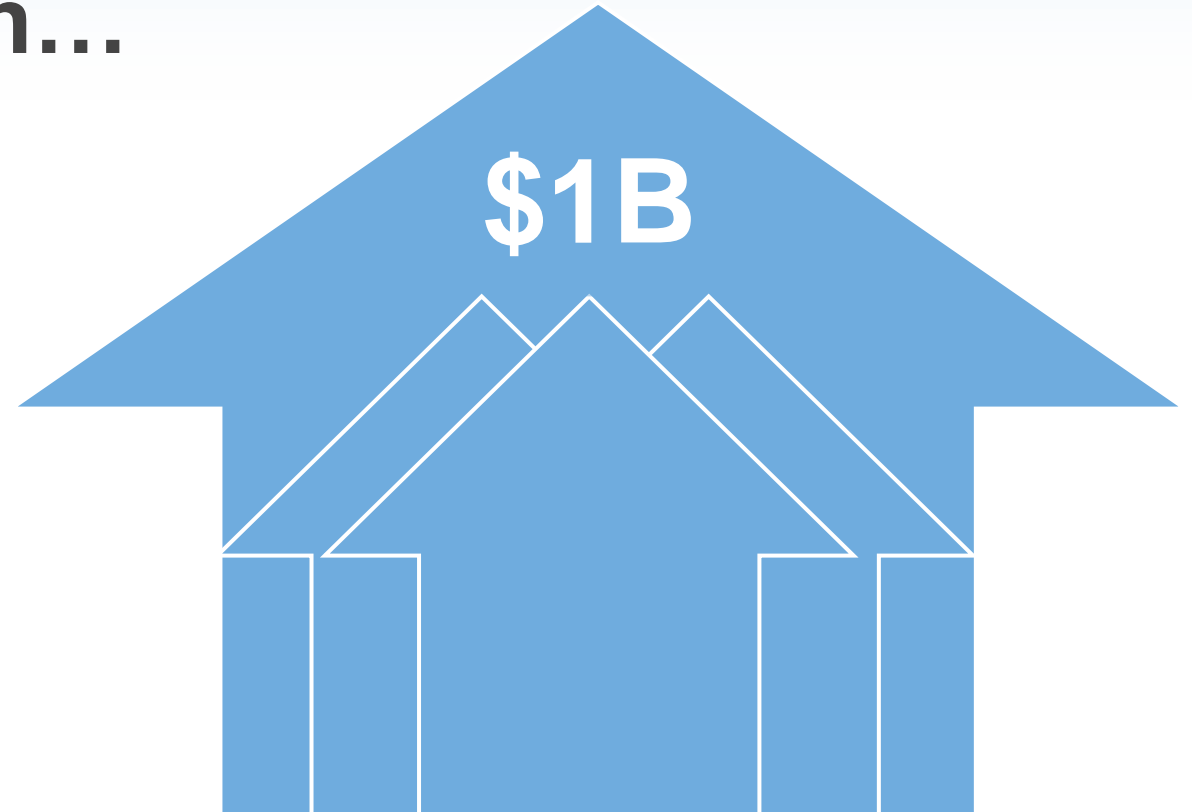
As of December 2022

ORSA is Required when...



Individual Companies

Direct and Assumed Premium > \$500M



Insurance Groups

Gross Written Premium > \$1B

ORSA may also be required when...



The Insurance Commissioner Requires It

Potential contributing factors:

- Type of business written
- Ownership and organizational structure
- Other regulatory requests
 - Federal agencies
 - International supervisor
- Regulatory concerns
 - e.g. rapidly growing concentration of risk or risk exposure

Risk Modeling



Potential Insurance Company Risks

Life Insurance



Health Insurance



Risk: Significant 2025 ACA Risk Adjustment Shortfall

- **Impact on 2026 Financial Performance**

- Premium Revenue
- Underwriting Margin
- Medical Loss Ratio
- etc.

- **Impact on 2027+ Financial Performance**

- 2026 Filed Premium Rate Inadequacy
- Higher premium growth than expected
- Surplus strain caused by growth
- Underwriting Margin
- Medical Loss Ratio
- Surplus strain caused by losses
- etc.



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Regular Assessment

Document process and results

File annually / as requested

ORSA Summary Report

Section 1 – Description of the Insurer's Risk Management Framework

Section 2 – Insurer's Assessment of Risk Exposures

Section 3 – Group Assessment of Risk Capital and Prospective Solvency Assessment

Ongoing

Access



**Senior Leadership
and/or
Board of Directors**

As Requested

(Annually)



**Insurance
Commissioner**

An actuarial playground



Understanding and assessing potential risks.

Ensuring sufficient capital to meet obligations.

Evaluating resilience under adverse scenarios.

Maintaining strong oversight and risk management.

Using ORSA insights in strategic planning.

Some Key Questions...

**Can you delegate ORSA
to an outside third party?**

**Are ORSA results
Public or Confidential?**

**Isn't Risk Based Capital
Enough?**

**Does ORSA require an
Actuarial Certification?**

A diverse crowd of people, including men and women of various ethnicities, are shown in a state of high excitement. Many have their mouths wide open as if shouting or cheering, and several have their fists raised in the air. The background is slightly blurred, focusing attention on the individuals in the foreground. The overall mood is one of collective joy and enthusiasm.

**Two things
to get excited about...**

A diverse crowd of people, including men and women of various ethnicities, are shown cheering and raising their fists in celebration. The image has a semi-transparent blue overlay. The text "An Effective ORSA Strategy May Drive Performance" is centered in a bold, red, sans-serif font.

An Effective ORSA Strategy May Drive Performance



ORSA

**Could be your ticket
to an exciting career
in Enterprise Risk Management**



It's the way we do it.

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