



Solvency II Asset Reporting for Invest | Pro™ Clients

Monument Insurance extends
usage of Invest | Pro™ platform
to include Solvency II asset
reports



Case Study: Monument Insurance

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Background

Monument Re Limited is a Bermuda based reinsurer established to operate as an asset intensive reinsurer and acquirer of diverse Life insurance businesses. Prior to engaging FRS for Solvency II QRT production Monument Insurance had been producing several of the Solvency II QRTs on complex in-house systems.

As an existing client of Invest|Pro™ for their day-to-day unit linked business, they looked to also use this data to create the final Solvency II asset reports. Having the fund valuations data calculated and stored on Invest|Pro™ greatly increased the ease of the Solvency II quantitative reporting templates (QRT) implementation for the asset side of the balance sheet.

The Challenge

The production of the Solvency II QRT reports requires the aggregation and consolidation of data from numerous data sources. Within the reports there is then complex logic required for the different data and asset types. This is especially true for the S0603 report which requires detailed look-through information. This can take significant time and effort for users to go through and address each of these issues.

The major challenge was in compiling the appropriate Solvency II data. For data already on Invest|Pro™, the challenge was in identifying the Invest|Pro™ datapoints that corresponded to the relevant Solvency fields. There was also additional Solvency II specific data that needed to be sourced from Bloomberg and MorningStar.

Another challenge was to create an operating model that would not interfere with day-to-day business.

Certain data required in the final Solvency II reports could not be sourced until several days after the end of the applicable quarter. This meant that the Solvency II process would need to be run at this point but take account of backdated data entered to reflect the appropriate quarter end date.



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The Solution

Based on previous experience with the production of Solvency QRTs on the Invest|Pro™ system, an FRS consultant configured the optimum operating model that would produce the S0602, S0603 and S0901 Solvency II QRTs. It was important that these were produced in a specific order as each report required data inputs from a predecessor.

This operating model is a streamlined process which takes approximately two hours to run through per quarter to produce the S0602, S0603 and S0901 reports. The reports are produced using a combination of existing Invest|Pro™ data (from the valuation process) and Solvency II specific enrichment data from Bloomberg and MorningStar.

The client is not required to edit or upload any additional data though that functionality is available should they wish to make any specific data edits or upload Solvency II data for assets not held by Invest|Pro™ (i.e. to amalgamate separate Life assurance books of business etc.).





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The Implementation

As this was a Solvency II implementation on an existing Invest|Pro™ installation, the project was delivered through SQL configuration with no additional upgrade or development work required.

A series of tasks were setup for the client to build the Solvency II asset operating model. These were made up of imports, Bloomberg calls and final extract generating tasks. This functionality exists on all versions of Invest|Pro™. The complex logic used to produce the final QRT reports was built in SQL and produced via three final extract tasks for S0602, S0603 and S0901.

Test Phase and Live Migration

An FRS consultant worked with the relevant key stakeholders in testing and validating the operating model and final reports.

The Solvency II asset configuration went through robust User Acceptance Testing (UAT) on the client's site. During this time their users were trained in the new functionality and were able to familiarise themselves with the Invest|Pro™ system.

The configuration was then executed on the client production server and required the running of several SQL scripts, the creation of several file locations used specifically for the Solvency II asset operating model and the upload of XML import files created by FRS.

FRS also produced a practical operating model document to guide users through each step of the process.

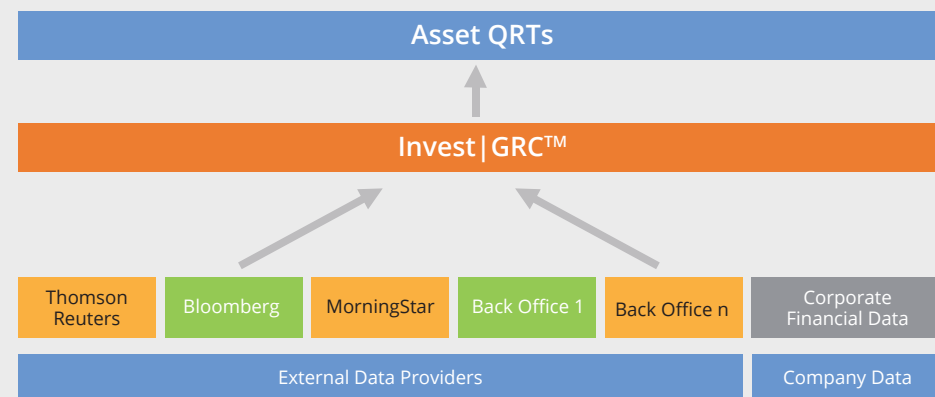
The Monument Insurance team was able to run through the operating model and produce the S0602 and S0603 reports within three hours of the implementation.



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Solvency II QRTs



Key Benefits

FRS delivered an efficient, streamlined Solvency II solution with minimal risk and providing Monument insurance with significant audit control.

Effective task-based solution to QRT production

Because Monument Insurance were already operating on Invest|Pro™ much of the data required in the production of the QRTs was already stored on the underlying Invest|Pro™ databases and the additional data fields needed could be added with ease. This allowed the FRS team to produce a streamlined operating model which reduced the QRT production into a simple task-based solution.

Comprehensive audit trail

Invest|Pro™ provides a robust audit trail of all data used in the production of those QRTs. All previous quarter data is stored on the Invest|Pro™ system, it is also archived, and date stamped. All changes made to data points are tracked on Invest|Pro™.

Significant risk reduction

Having a fully integrated task-based Solvency II operating model on Invest|Pro™ greatly reduces the risk of human error.

No impact on day-to-day business

Installation through the existing SQL configuration meant no additional upgrade or development work was required. The solution was developed and deployed in parallel to the client's normal business.

Their users were able to run through the entire operating model and produce the S0602 and S0603 reports within three hours of implementation, saving considerable resources compared to their previous in-house systems.



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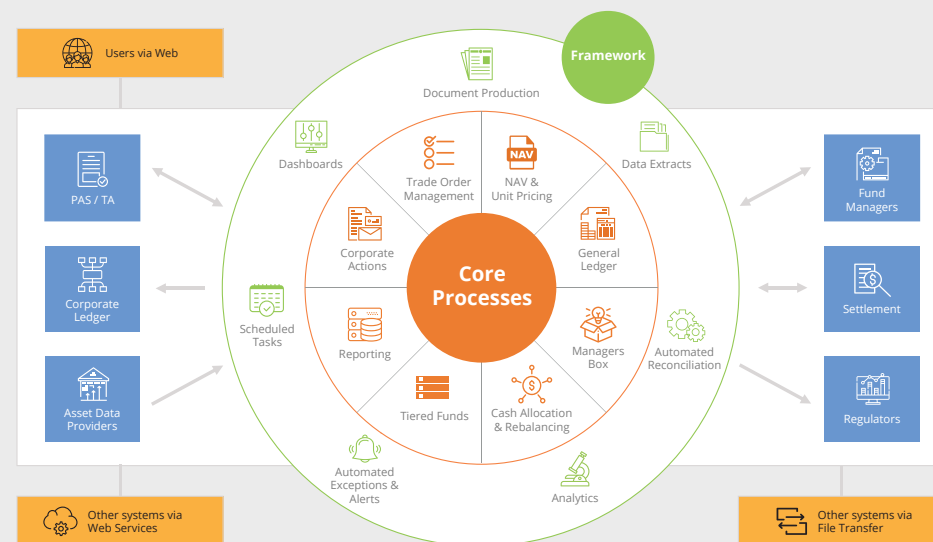
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Invest|Pro™ Framework



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Going forward with Invest|Pro™ for Governance, Risk and Compliance

Eoin Parsons, Group Finance, Monument Re Group said:

"Financial Risk Solutions were the obvious choice for Monument Insurance, both from a product perspective as well as their best-in-class reputation in the industry. Their expert project team got us up and running in record time and we are now well positioned for growth without having to add a large amount of human resource."

"With the Invest|Pro™ platform we can rest knowing the daily unit prices are entirely consistent with the firm's financial general ledger and our statutory financial reporting is fully automated."

With deep knowledge of the regulatory requirements in the markets they operate, FRS is well positioned to provide regtech solutions as an extension of the Invest|Pro™ platform.

Frank Carr, FRS CMO said:

"Regulation and compliance are ever evolving and at FRS we pride ourselves on responding quickly with software that continues to increase efficiency and reduce risk in our clients' day-to-day operations. In this Solvency II project with Monument Insurance we have demonstrated how the ease of implementation is increased for clients who already have fund valuations data calculated and stored on Invest|Pro™."

About Financial Risk Solutions

For 20 years Financial Risk Solutions (FRS), a Constellation Software Inc. firm, has partnered with life assurance and asset management companies to deliver fund administration software that reduces operational costs, increases efficiencies and mitigates risk.

Founded by a team of actuaries and IT specialists, FRS developed the award-winning Invest|Pro™ platform that today manages in excess of 150,000 funds for over 60 blue-chip financial services and BPO clients worldwide. Clients include some of the biggest brands in life assurance and third-party administration including: MetLife, Prudential, Accenture, Aviva and Monument.

Delivered on-premise or cloud-hosted, Invest|Pro™ securely automates multiple complex fund administration processes including: unit-pricing, cash allocation and rebalancing; oversight and validation of operational activity performed by outsourced partners;

and in Europe monitoring and reporting for PRIIPs, KID requirements, and Pillar III asset reporting for Solvency II.

Scalable, modular and flexible, Invest|Pro™ continues to respond to fast changing industry needs to ensure clients can stay focused on growing their businesses, while manufacturing and managing the best in class products on the Invest|Pro™ platform.





Knowledge based software

For more information contact
matthew.baldwin@frsltd.com,
frank.carr@frsltd.com

www.frsltd.com