



a Constellation Software Inc. Company



Solvency II Asset Reporting for Non- Invest | Pro™ Clients

Increasing operational
efficiency in Solvency II QRT
Reporting with Invest | Pro™



Background

The client is a branch of a global Fortune 500 company, providing insurance, investment management, and other financial products and services to both retail and institutional customers in over 40 countries.

They operate a subsidiary out of Dublin, Ireland, offering life insurance, health and protection products, and mutual funds, as well as personal, property and casualty insurance services across Europe.

The Challenge

The client required a robust solution for producing Solvency II QRTs (quantitative reporting templates) each quarter. Rather than attempt to manage a series of complex spreadsheets, they turned to Financial Risk Solutions (FRS) to design an efficient and simple, task-based Solvency II reporting Operating Model solution on the Invest|Pro™ platform that would require little user interaction.

The challenge for this Invest|Pro™ implementation was in designing a solution that could compile the appropriate data to produce Solvency QRT reports in a timely and accurate manner.

Without their normal day-to-day valuation data being on Invest|Pro™, this data had to be uploaded from several different sources. Sometimes the data was found to be contradictory and required complex logic to configure and identify which data is correct for different scenarios.



The Solution

The production of the Solvency II QRT reports (S0602, S0603 and S0901) requires the aggregation and consolidation of data from numerous data sources. Within the reports, intricate logic is required for the different data types (such as assets types and bond durations). This can take significant time and effort for users to go through and address each of these issues.

The FRS team designed a streamlined Solvency II asset reporting Operating Model that would reduce the QRT production into a simple task-based solution. The reports had to be produced in a specific sequence based on the time all data inputs were received, for example the S06 reports required data enrichment from both Bloomberg and MorningStar.

The Solvency II Operating Model was designed to run over several working days, to source all the relevant data required for the QRTs, some of which would normally be included in the standard Invest|Pro™ valuation results.

Several Invest|Pro™ Analytics web reports were added to assist the user in reviewing and ensuring the data is correct. Additionally 'override' exception tasks were added to allow the user to upload 'correct' data where it has been deemed the original sourced data is incorrect.



Case Study

Increasing operational efficiency in Solvency II QRT Reporting with Invest|Pro™



The Implementation

The project was implemented through SQL configuration and an instance of Invest|Pro™ was installed.

Test Phase and Live Migration

The solution was implemented on a Microsoft Azure machine managed by FRS, which meant all work could be carried out from FRS offices.

In addition to the Solvency II production environment, a Solvency II Test environment was set up for initial testing and the production of sample QRTs which could be sent on to the client for review.

Once the User Acceptance Tests (UAT) were passed, users from the client's finance team were trained to use the system and carry out final tests.

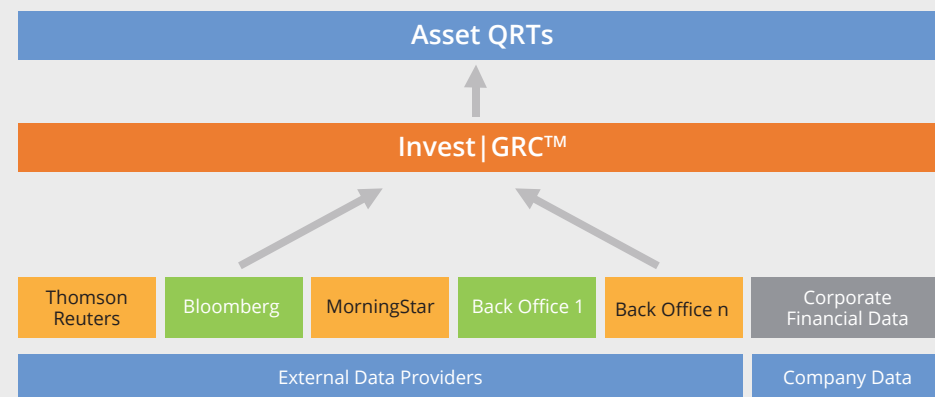
The project was implemented in quarter one 2017 and Invest|Pro™ continues to produce the QRTs successfully each quarter.



Case Study

Increasing operational efficiency in Solvency II QRT Reporting with Invest|Pro™

Solvency II QRTs



Key Benefits

FRS delivered the client a robust solution for QRT production, compiling and verifying data outside of Invest|Pro™ and minimising the need for user involvement.

Efficient production of QRTs

Automated data aggregation combined with a simple task-based Solvency II Operating Model saves considerable time and human resource each quarter in the production of QRTs.

Comprehensive audit trail

Invest|Pro™ provides a robust audit trail of all data used in the production of 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

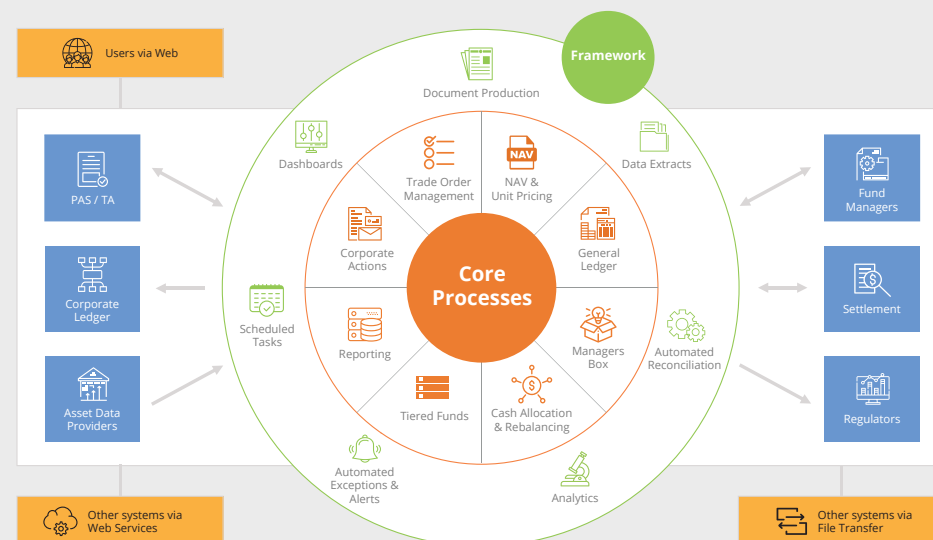
Having an all-inclusive task-based Solvency II Operating Model on Invest|Pro™ greatly reduces the risk of human error from manual processes, while exception override tasks allow users to correct data where needed.

Solvency II Unit Matching

In addition FRS have successfully assisted several Solvency II Unit Matching projects and a major factor in the value add to these projects is the timely accurate visibility of the exact funding positions in each fund or consolidated across all funds. Regulators like to see automated robust systems in place to manage unit matching accurately particularly systems with a general ledger at their core.



Invest|Pro™ Framework



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

Solvency II Unit Matching

- Organisation specific matching criteria
- Apply unit matching at fund level on a proportion of unit-linked liability
- Quantify the financial effect (required for IFRS reporting)

Capital efficiency considerations and regulatory change will drive a change in business operating models for unit matching and new systems capabilities are required to support this.

FRS is trusted by their clients in the life and pensions industry to deliver customised GRC solutions that don't distract from day to day business.

Frank Carr, FRS CMO said:

"Our clients operate in diverse and complex environments and our ability to install our industry specific software to meet their unique setup and needs is what sets us apart from the competition. This implementation of Solvency II Reporting demonstrates not only the technical expertise of our team, but also our focus on reducing operational risk and costs for all of our clients."

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; MetLife, Prudential, Accenture, Aviva and Generali.

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

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