

Patrick Braun, Principal Consultant – Customer Solutions Group, Risk Analytics

IBM Solvency II Workshop
Madrid, 26 September 2013

New approaches for cost effective reporting and greater insight for risk-aware decision making



Agenda

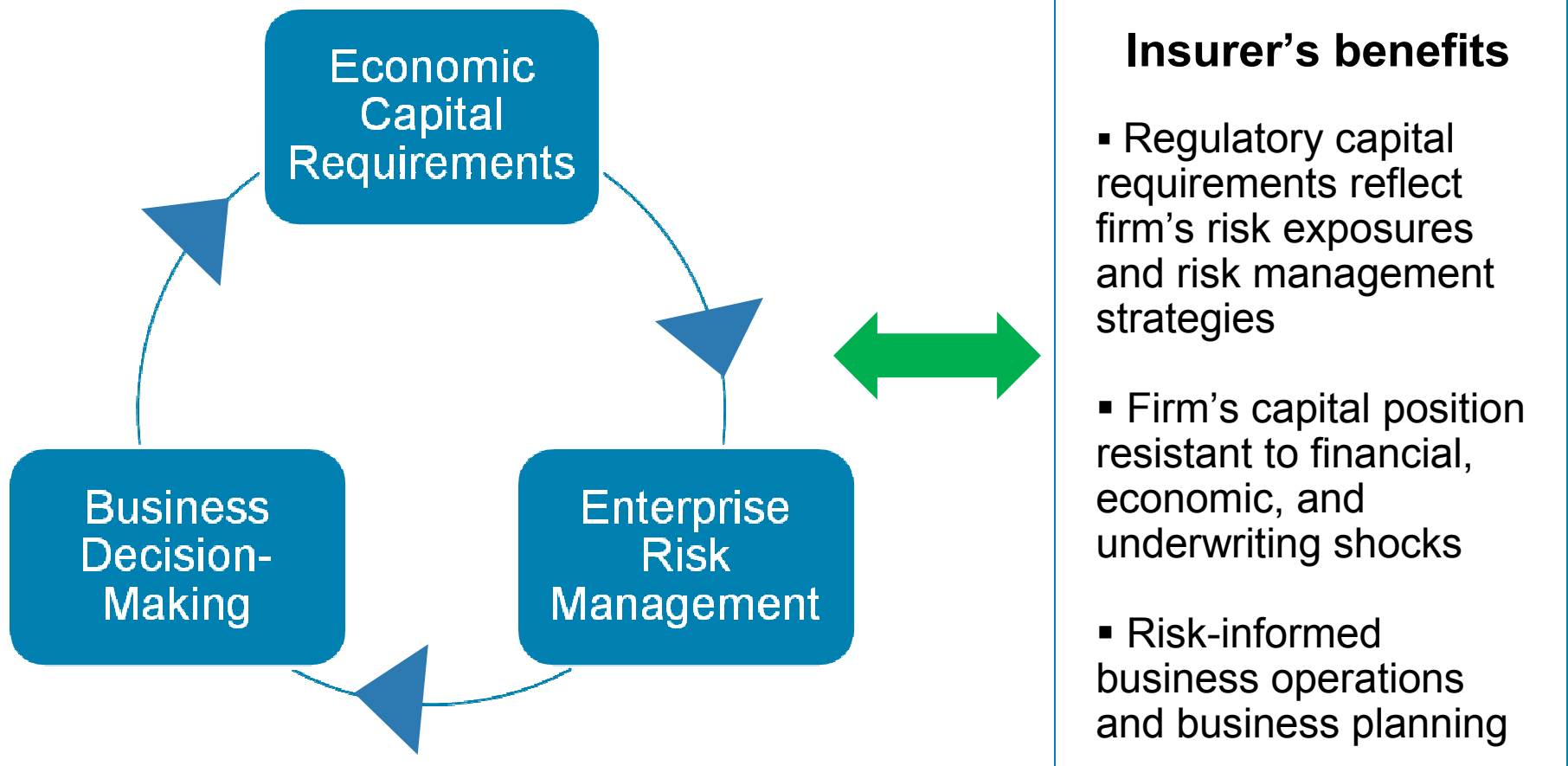
Solvency II Regulatory Reporting Requirements

Solvency II Quantitative Reporting Templates

IBM Quantitative Reporting for Solvency II (QRT's)

Quick Reminder of Solvency II Key Goals

- Risk-based regulation framework
- Improve the corporate governance programs
- Embed risk management in the decision-making processes



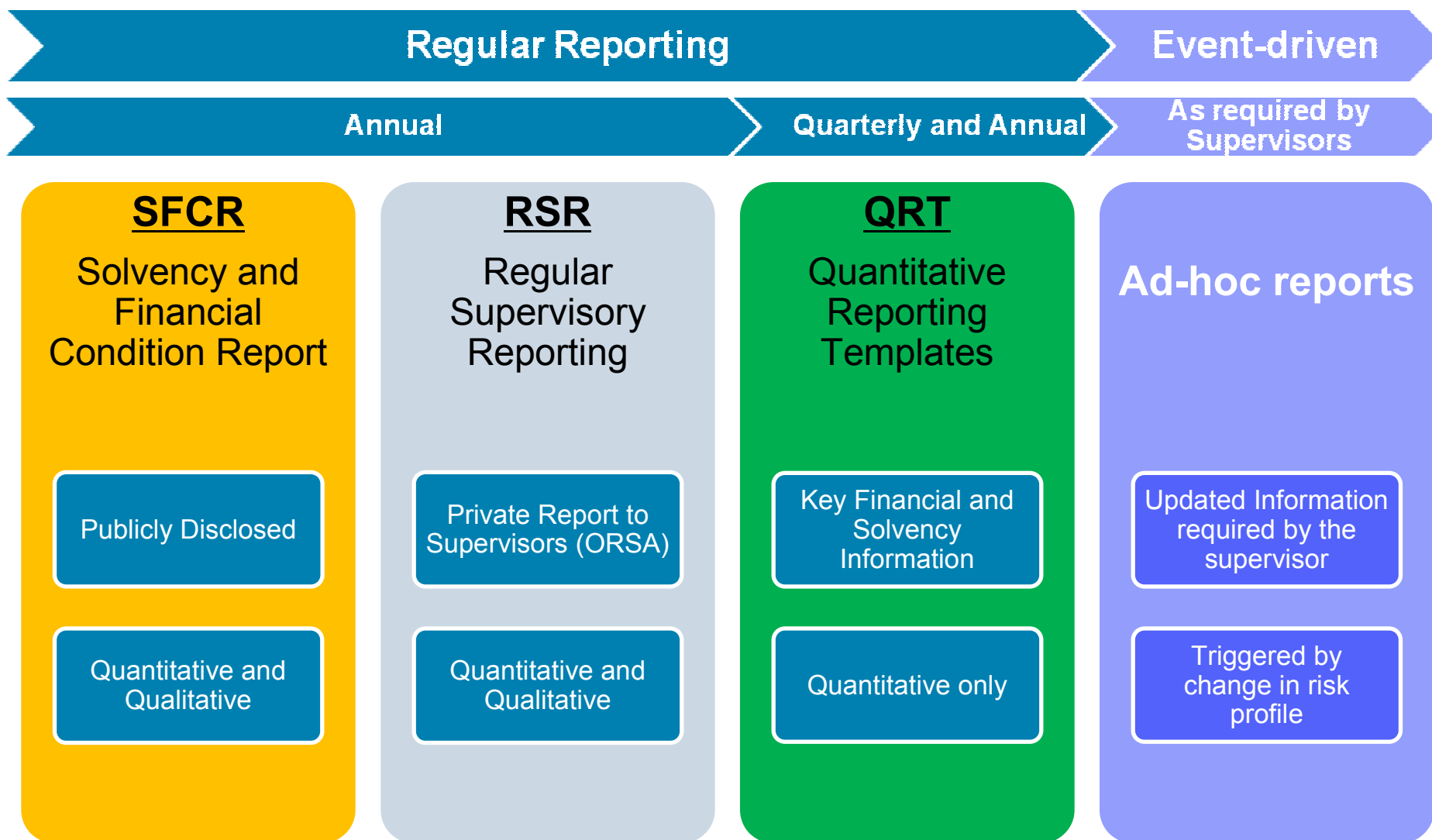
What Are The Implications for Regulatory Risk Reporting?

Insurers need to deliver timely and trusted risk information.....

...to regulators (group and solo)...

...for prudential supervisory purposes.

What are the Pillar III Reporting Requirements → QR Coverage?



Source: EIOPA Final Report on Public Consultations No. 11/009 and 11/011 On the Proposal for the Reporting and Disclosure Requirements

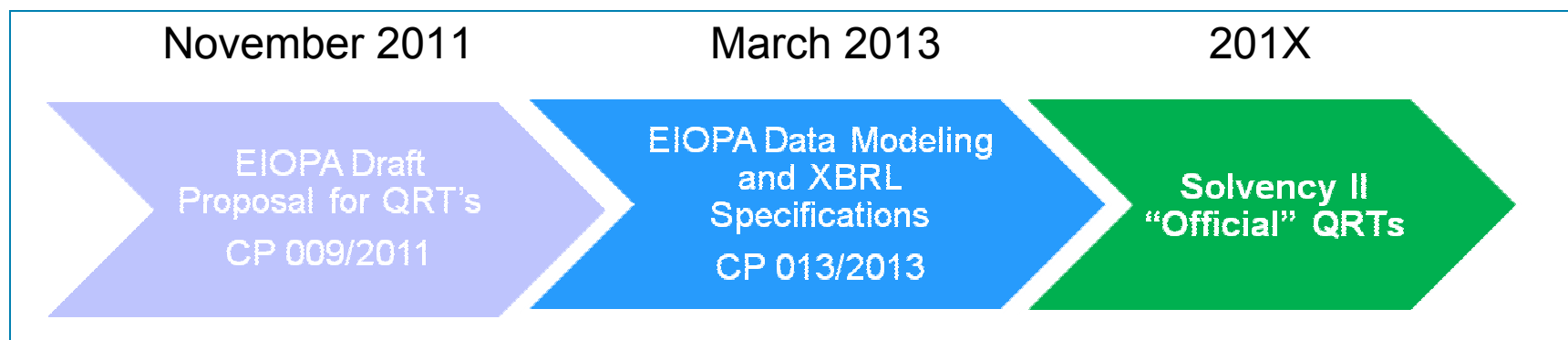
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Solvency II Regulatory Reporting Requirements

Solvency II Quantitative Reporting Templates

IBM Quantitative Reporting for Solvency II (QRTs)

Solvency II Quantitative Reporting Templates - Overview



QRT Reports

- EIOPA-prescribed format
- Reports at group and solo levels
- Annual and quarterly reports
- Some reports are included in the public SFCR information
- Financial Stability Report templates for large insurers
(Semi-annual Requirements)

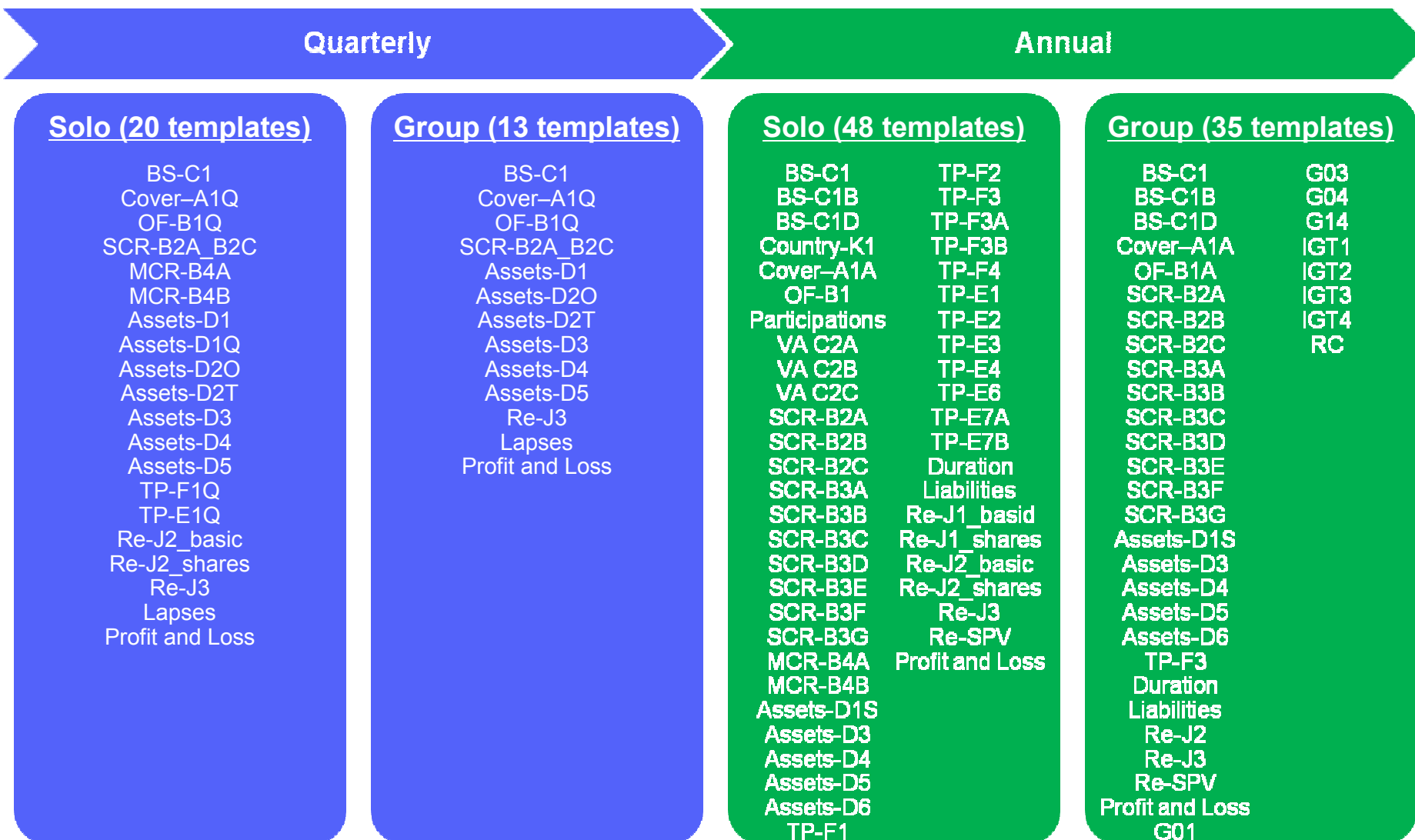
Template Types

- Balance Sheet
- Assets
- Solvency Capital Requirements
- Minimum Capital Requirements
- Technical Provisions
- Variation Analysis
- Reinsurance
- Others templates

XBRL* Tagging

* Extensible Business Reporting Language

Quantitative Reporting Templates in Detail



What are the Operational Implications?

- Data Challenges
 - Disparate data sources (BU vs. LO)
 - Disparate modeling systems
 - Data integrity

- Process Challenges
 - Manual processes
 - Error-prone processes
 - Governance in place

- Tight regulatory reporting timelines*
 - Solo entity -> 5 weeks for Quarterly / 14 weeks for Annual reports
 - Group -> 11 weeks for Quarterly / 20 weeks for Annual reports
 - 6 weeks for financial stability reports

* Source: EIOPA Final Report on Public Consultations No.11/009 and 11/011

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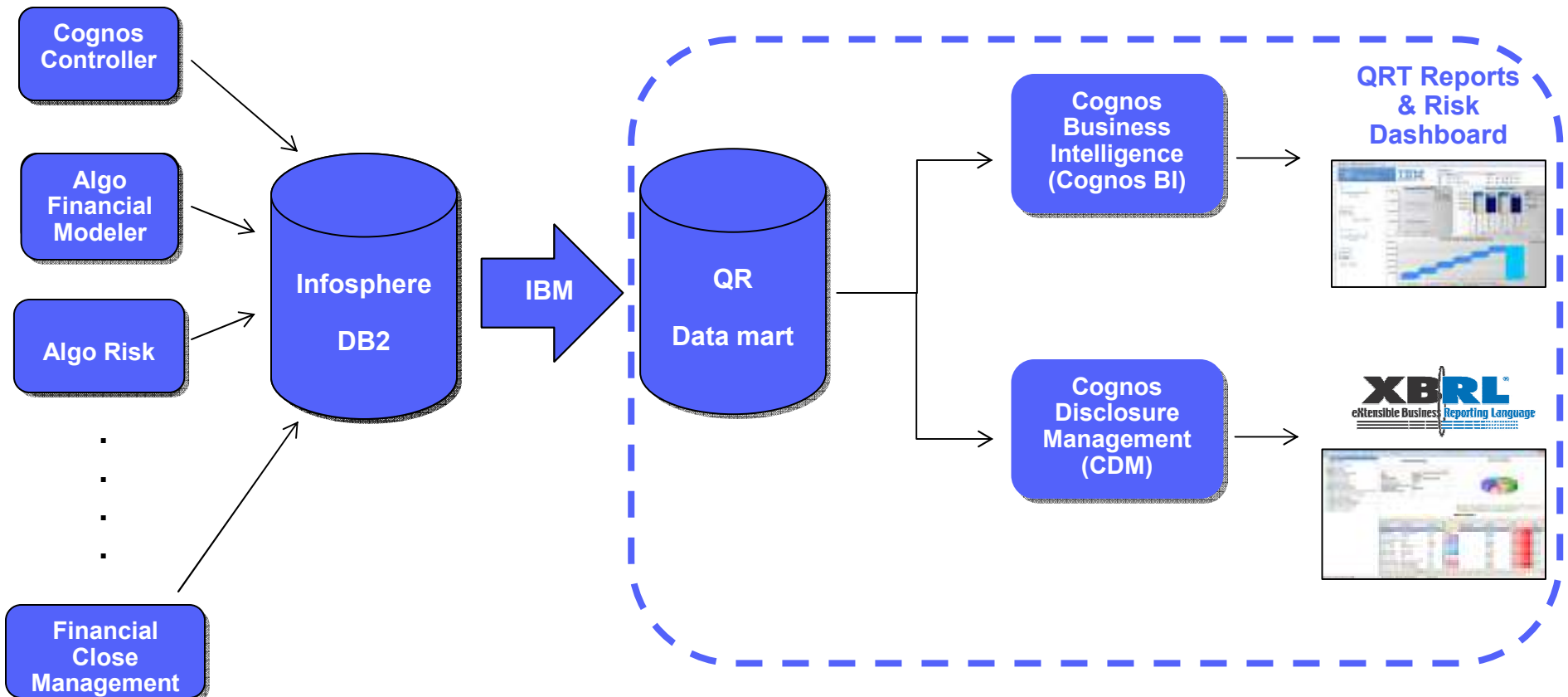
What does the IBM Quantitative Reporting Solution Provide?

- A stand-alone, pre-packaged, cost-effective fast-track solution to satisfy the tight deadlines for the Solvency II Quantitative Reporting Template requirements

Product Features	Standard Edition	Enterprise Edition
QRT Reports	Yes	Yes
QRT XBRL tagging	Yes	Yes
Management Dashboard Reports	-	Yes
Solvency II Datamart	Yes	Yes
Data modeling capabilities	Yes	Yes
Report term Glossary	-	Yes
Data lineage	-	Yes

- Possible solution customization and client data integration through IBM's professional services teams

Quantitative Reporting Solution - Architecture Overview



IBM's Comprehensive Solution for Solvency II



A Solution to Help Reduce Reporting Costs and Improve Efficiency

- The stand-alone solution provides an automated QRT report development process
- It includes:
 - QRT Data Model
 - QRT Report Templates
 - XBRL Tag-Once for Reports
- Once data is loaded into the store, reports and dashboards are automatically populated.
- Solo and group level report production
- Report drill down and data change tracking

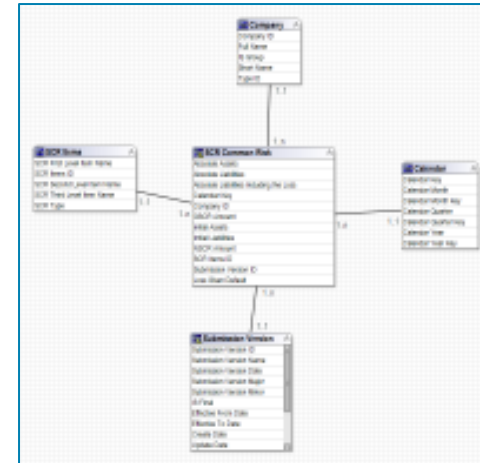


Table of Contents (Group)		
Balance Sheet	Open Funds	Performance
Assets	Liabilities	Solvency Capital Requirements
...

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QR Template 'Assets-D1' Example

Asset - D1 Investments Data - Portfolio list

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Applied Filters

Reporting Year : 2010
 Reporting Quarter : Q4 2010
 Business Units : ABC Company
 Submission Version : Release_1.0

Reporting Quarter :

Identification section											Categorisation section			Risk section			Data section							
Portfolio	Fund number	Asset held in unit linked and index linked funds (Y/N)	ID Code	ID Code type	Asset pledged as collateral	Security Title	Issuer Name	Issuer Sector	Issuer Group (Code)	Issuer Country	Country of custody	Currency (ISO code)	CIC	Participation	External rating	Rating agency	Duration	Quantity	Unit SII price	Valuation method SII	Acquisition price	Total SII amount	Maturity date	Accr inter
L	2902	Y	2902	ISIN	CP	Security	AA	Insurance	CP Group 2	GB	BE	EUR	UK22	YNGNS	A+	Price hopper	30	200.00	1,000.00	MtdMk	200	405,000.00	Mar 30, 2011	3,000
L	3902	Y	3902	ISIN	CP	Security	AA	Insurance	CP Group 2	GB	BE	EUR	UK11	YNGNS	A-	Standard & Poor	30	200.00	1,200.00	MtdMk	200	485,000.00	Apr 10, 2011	3,000
L	4902	Y	4902	ISIN	CP	Security	AA	Insurance	CP Group 2	GB	BE	EUR	UK31	YNGNS	B	Standard & Poor	30	200.00	1,000.00	MtdMk	200	405,000.00	May 10, 2011	3,000
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Moving Beyond Compliance - Management Dashboard Examples

- A solution and data structure that can be used for a broader purpose
- Embedded Solvency II dash-boarding capabilities through Cognos BI
- Examples based on assets and time evolution of Solvency status



Questions?

