



## Business Impact

“We have met the double objective of improving data quality and streamlining information processes.”

Francesco Massari,  
Head of Organization  
and Information Systems,  
HDI Assicurazioni

## Challenges

- **Executive-level understanding of risk.** Often, executives don't have a clear understanding of what major risks the insurer is facing and how risks are being managed.
- **Data availability/quality.** Due to disparate business units and multiple legacy systems, data integration typically accounts for up to 80 percent of a risk management project's costs.
- **Operational integration.** Solvency II solutions must be an integral part of an insurer's daily management operations.
- **System accuracy and control.** Insurance companies must re-create results for regulators and demonstrate control over system security, change management capabilities and audit trails.
- **Multiple jurisdictions.** Different languages, currencies and group supervision can present problems with regulatory requirements.

## How can we ensure compliance while reducing our risk and increasing stakeholder confidence?

### YOUR GOAL: Achieve Solvency II compliance

Solvency II is a fundamental review of the capital adequacy regime for the European insurance industry. Solvency II replaces the current prudential regulation with risk-based capital requirements based on the economic value of the total balance sheet. Its aim is to ensure the financial soundness of insurance companies to not only protect policyholders' interest, but also increase competition in the European Union (EU) insurance market.

Covering more than 30 countries, Solvency II represents the biggest ever exercise in creating a single set of regulations for the European insurance industry. It will replace the current patchwork of varying domestic standards with more harmonized requirements that will make it easier for firms to do business across the EU.

While some insurance companies may view Solvency II as just another EU regulatory requirement, more progressive insurers will see an opportunity to introduce risk management into daily business practices as a way to gain competitive advantage.

### OUR APPROACH

Insurance companies that treat Solvency II as a pure compliance exercise will be making a mistake. Instead, insurers should focus on identifying the commonalities between business needs and compliance requirements, because doing so will create opportunities to improve overall business efficiency and strategic planning. We approach the problem by delivering software and services that help you:

- **Meet Solvency II requirements** with a robust risk management framework that supports both standard and internal model approaches to ensure regulatory compliance.
- **Reduce the impact of risks** by applying advanced analytics that enable insurers to anticipate enterprise risks and initiate risk control measures to mitigate losses.
- **Lower your total cost of ownership** with a single, integrated solution from data management to enterprise risk analysis to reporting.
- **Ensure transparency and traceability across the entire process** so that you can track down anomalies and answer regulator inquiries on demand.

In addition, SAS can be installed alongside your existing risk software in a phased implementation approach that can bridge any disconnects between legacy systems, data stores and data models. And because the solution is modular, you can implement those components that address your most pressing concerns first and, if necessary, expand the solution over time as your needs change.



## THE SAS® DIFFERENCE: Support for the entire Solvency II compliance process

Recognized as the industry leader in analytics, SAS provides capabilities to help insurers comply with the Solvency II regulations and beyond. With SAS you get:

- **A robust risk analytics framework** that calculates MCR and SCR for both standard and internal model approaches for Solvency II compliance.
- **A data repository and insurance-specific data model** that serves as a single source of information for an enterprise risk data warehouse.
- **Superior data integration capabilities** for acquiring and consolidating historical data from internal and external sources for risk analysis and reporting.
- **Transparency and auditability** throughout the process to ease the pains associated with audits.

Unlike other solutions, SAS provides a single, integrated risk platform that supports the entire Solvency II compliance process – from source data extraction all the way through to analysis and reporting. In addition, you can save money and stay on the forefront competitively by using the same SAS solution for more advanced, nonregulatory measures such as economic capital and by fully integrating the solution into other areas, such as ratemaking and marketing systems.

### CASE STUDY: HDI Assicurazioni

#### ■ Situation

While some companies view Solvency II requirements as a bureaucratic necessity, HDI saw it as an opportunity to focus attention on its financial health and customer service-focused business. The company turned to SAS for a solution that would help it meet Solvency II requirements, while also meeting separate Italian and German government insurance regulations.

#### ■ Solution

SAS provided a solution that includes:

- A robust data management and reporting platform that includes an insurance-specific data model.
- A unique companywide data warehouse for collecting, standardizing and consolidating all information relating to its property-casualty business.
- A real-time decision support system that offers business users, actuaries and senior management the tools needed to make decisions based on facts.
- The ability to perform risk analysis and risk-based capital calculation for insurers.

#### ■ Result

- More accurate risk analysis.
- Improved data quality.
- Streamlined information processes.



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TO KNOW.

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#### ■ What if you could ...

##### Be confident in the integrity of your data

What if your data was cleansed as part of the data integration process so you could be confident in its integrity throughout your organization?

##### Evaluate your risk exposure

What if you could evaluate your risk exposure by performing scenario-based and stress testing to optimize capital allocation, minimize unwanted losses and maximize investment performance?

##### Reduce time spent with regulators and auditors

What if you could reduce the time you spend with regulators and auditors by providing them with a complete audit trail that traces risk measures from final reports back to the core system, with the ability to drill down interactively for more detail?

##### Automatically generate reports

What if your standard regulatory reports were produced automatically from a scheduled process and your risk analysts could generate further reports, make changes and rerun reports as needed for faster response to requests without undue burden on IT?

#### ■ You can. SAS gives you THE POWER TO KNOW®.

### SAS FACTS

- More than 1,000 insurance companies worldwide are SAS customers.
- SAS has more than three decades of experience working with insurance companies across the globe.
- SAS customers make up 90 of the top 100 companies on the 2011 Fortune Global 500®.

Learn more about SAS software and services for insurance at: [www.sas.com/industry/insurance](http://www.sas.com/industry/insurance)