How can we ensure a level of data quality that meets the specific needs of supervisory reporting?

Business Impact

"The key to success of this project [Solvency II compliance] is that we are implementing it with SAS."

CFO at a Tier-One Insurance Company

Challenges

- **Lack of transparency and auditability.** Insurers have difficulty re-creating results for regulators and demonstrating control over system security, change management capabilities and audit trails.
- **Workload limitations.** The increased frequency, decreased turnaround times and greater complexity of Solvency II reporting will place a significant burden on IT.
- **Data inconsistencies.** Solvency II reporting relies on data from different functions and various data sources, which leads to inconsistencies.
- **Silo and group reporting.** Local and international subsidiaries must be integrated into the group reporting process while simultaneously meeting local requirements.
- **Lack of ROI.** If insurers focus only on compliance with Solvency II QRTs, they will miss out on the extra benefits of an extendable solution that can support additional internal reporting requirements.
- **Uncertainty over compliance requirements.** The European Insurance and Occupational Pensions Authority (EIOPA) has yet to publish final reporting requirements and approval process guidelines.

YOUR GOAL: Streamline Solvency II reporting processes

Solvency II – which is scheduled to become effective in 2014 – represents the largest change ever to insurance solvency regulations for the European insurance industry. The directive seeks to unify the EU insurance market and invoke enhanced consumer protections by requiring greater transparency through public disclosure and rigorous reporting requirements. The new regulations will not only demand that insurance companies produce huge amounts of extra reporting in shorter time periods, but also that these reports be more rigorously controlled and documented. For example, the third pillar of Solvency II requires qualitative reporting in the form of a public Solvency and Financial Condition Report (SFCR) and a private Regular Supervisory Report (RCR). It also requires that both individual insurers and insurance groups complete Quantitative Reporting Templates (QRTs) – a set of more than 60 forms that capture information on balance sheet, assets, Solvency Capital Requirement (SCR), Minimum Capital Requirement (MCR), technical provisions, variation analysis and reinsurance.

In order to comply, insurers will need to distribute these reports to all business departments – including senior management and external parties – in a timely manner. Business intelligence and reporting applications will be essential. Unfortunately, the integration of data from multiple, disparate systems into a reporting solution often involves manual, labor-intensive processes that are poorly governed and highly error-prone. Such errors in reporting processes could have a negative short-term impact on an insurer's market capitalization, with the potential for reputational damage over the longer term. And noncompliance with Solvency II regulations will result in steep regulatory fines or even the inability to conduct business in Europe.

OUR APPROACH

For many insurers, reporting is the final hurdle to compliance, and Solvency II will only add a significant burden to the workload of an already heavily regulated industry. SAS approaches the problem by delivering software and services that can help you:

- **Fully comply with Solvency II reporting requirements** using prebuilt risk reporting data marts and standard risk report templates.
- **Lower your total cost of ownership** by using a single, integrated solution that accommodates all your risk management and compliance needs – from data management to enterprise risk analysis to reporting.
- **Ensure transparency and traceability across the entire process** with a solution that lets you quickly track down anomalies and answer regulator inquiries on demand.
- **Safeguard your company's compliance status** by staying abreast of regulatory updates, which will be implemented directly into the solution whenever they occur.

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.

THE SAS® DIFFERENCE: Easier Solvency II reporting compliance

As the recognized industry leader in analytics, only SAS provides the proven capabilities necessary to help insurers comply with Solvency II regulations, now and in the future. With SAS you get:

- **A market-leading Solvency II reporting platform** that enables faster implementation with less effort.
- **Intuitive Web-based reporting capabilities** give you access to predefined Solvency II regulatory reports and enable easy dissemination of risk information to regulators and senior management.
- **A prebuilt insurance-specific data model** fully supports Solvency II reporting requirements and accelerates your compliance capabilities.
- **Superior data integration capabilities** increase your risk analysis and reporting accuracy by acquiring and consolidating historical data from internal and external sources.
- **Transparency and auditability across the entire process** boost confidence in the accuracy of reports and ease the pains associated with audits.
- **An extendible reporting infrastructure** includes a customizable dashboard and has the ability to support additional, nonregulatory reporting requirements.

Only SAS offers a predefined, Solvency II-compliant reporting format with all the necessary data structures for both internal and external reporting. In addition, the solution's flexibility ensures that reports can be easily updated as new regulatory requirements are defined.

CASE STUDY: A Multinational European Insurer

Situation

A multinational insurance company based in Scandinavia was looking for a solution that could ensure Solvency II compliance, with support for both solo and group calculations, as well as extensive QRT reporting.

Solution

SAS delivered a solution that enables:

- Consolidation of data from more than 50 sources into a single risk data repository.
- Aggregation of risk results from solo insurers to group level.
- Computation of SCR/MCR calculations for Solvency II standard model approach.

Results

- Improved internal reporting and risk mitigation.
- Accurate Solvency II regulatory reporting.
- Reduced IT costs.
- Increased data quality and auditability.

What if you could ...

Comply with Solvency II reporting requirements

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 to respond to requests more quickly without overburdening IT?

Lower your total cost of ownership

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

Ensure transparency, traceability

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?

Be prepared for regulatory updates

What if you could meet the latest regulatory requirements just by implementing a newer version of the solution and use the vendor's solution road map to explain your timelines to regulatory authorities?

You can. SAS gives you The Power to Know®.

SAS FACTS

- More than 1,200 insurance companies worldwide are SAS customers.
- SAS has more than three decades of experience working with insurance companies all over the world.
- SAS was recognized as a leader in the *Market for Solvency II Technology 2011* report by Chartis Research.

Learn more about SAS software and services for insurance at: sas.com/industry/insurance

THE POWER TO KNOW.

SAS Institute Inc. World Headquarters +1 919 677 8000

To contact your local SAS office, please visit: **sas.com/offices**