

Large Global Reinsurer tackles complex business requirements

CLIENT

Large Global Reinsurer

SIZE

\$4.5B USD

KEY CHALLENGES:

- Produce consistent reporting and drill down capabilities across finance
- Support a single operational multi-valuation chart of accounts
- Produce all valuations and estimates in parallel and out of the same system
- Produce financial accounts conforming to USGAAP, STAT, and Local GAAP
- Support for full projection and planning activity utilizing shared calculation logic in a business-responsive time frame

SOLUTION CAPABILITIES:

- Ability to implement complex business requirements at local and group level
- Enables parallel methods for revaluation of insurance contracts
- Supports varying regional GAAPS and group reporting.
- Provides an operational data store and historical trade warehouse
- Enables monthly close, increasing financial control
- Reduces manual time and effort around acquisition on-boarding

Aptitude Software's finance expertise and powerful technology drives finance transformation



Client Background

A division within one of the world's largest reinsurer's was looking for a solution to tackle the growing complexity around internal and external reporting requirements. This project had two parts. The first aspect was an accounting hub and sub-ledger to ensure support for Multi-GAAP reporting using the same processes and finance-accurate data, with automated feeds to general ledgers and group reporting systems. The second aspect of the project was a centralized financial calculation engine that would allow them to run parallel policy valuations and estimates with forward-looking, policy-level reporting capabilities and seamless linkages to their accounting processes.

Having successfully demonstrated the capability to meet all functional requirements within a tightly defined processing timescale, Aptitude Software was chosen as the sole supplier for both the valuation and estimation calculation engine (Aptitude Allocation Engine) & Accounting functions (Aptitude Accounting Hub) in direct competition with a large technology vendor, specialist calculation engines and an in-house build option. The project is currently in the implementation phase.

Solution Capabilities

Centralizing Accounting & Reporting

To create the centralized finance data source that they need, the Accounting Hub provides a powerful standardization layer to bring together information from across the organization. Users benefit from clear data lineage, managed workflows, finance-controlled data transformation rules and exception management. Detailed balance information can be stored in the sub-ledger and made available for reporting.

Highly efficient, rules-driven calculation engines working with an automated accounting layer are vital components of the new architecture.

A critical requirement of the project was the ability to process policies under three GAAP's in parallel - US GAAP, an internal GAAP showing trial balances discounted to present day and Statutory GAAP for a legal entity. By running these processes in parallel, the organization anticipates significantly reducing close times, allowing them to close their books on a monthly basis rather than their current quarterly cycle.

The organization will also use the solution to help with the complex area of internal and external retrocession. Our engine will model all aspects of these often complex agreements using a rules-based approach managed by the business users. It will also generate all the required accounting for the ceding and assuming companies.

The Aptitude Software solution will support varying regional GAAPs and group reporting from a finance-accurate data hub.

Managing complex calculations

Like all insurance organizations, the company must constantly re-value insurance contracts on their books as a result of changes in actuarial assumptions – including macro-economic factors, market changes (rates interest and FX rates), internal management objectives and regulatory requirements. However, the old systems required them to perform valuations sequentially over an extended time period, slowing the process and creating dependencies. With the Aptitude Allocation Engine, they gain a centralized solution, under user-control, that allows them to do valuations in a more efficient manner and push results through their accounting process on a timely basis.

The Allocation Engine will not only allow them to save considerable time, it will also provide additional analytical and reporting capabilities at the policy level and allow the team to understand the movement between valuations by way of detailed drill down and auditability. The Calculation Engine also enables allocation of top-down adjustments (e.g. investment returns at portfolio level allocated to policy-level granularity).

About Aptitude Software

Aptitude Software serves CFOs and their teams with a range of specialist finance applications that streamline accounting and finance processes and address challenges like revenue recognition, accounting logic, profitability analysis, royalty management and more. Our solutions can be found in some of the largest organizations in the world


Driving Finance Transformation

Aptitude Software offers both finance expertise and powerful technology to help achieve the finance transformation the group is looking for. The combination of a flexible finance calculation engine, (AAE) working with the Aptitude Accounting Hub delivers a fully integrated financial processing architecture, with front-to-back data lineage. This holistic solution combined with the ability to understand and handle complex scenarios, demonstrated Aptitude Software could power a finance transformation.

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