Integrate IFRS 17

Advanced Solution

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IFRS 17 Calculation challenges

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IFRS 17 Calculation Challenges

Summary

- **Transition**
  - Need for actual and expected cash flows
  - How to group into cohorts
  - Availability of data

- **Data Storage and Integration**
  - Storage of prior period results and at-inception based parameters
  - Re-measurement of CSM, including movement from profit to loss and vice-versa

- **Cohorts**
  - Quarterly portfolio level split by profitable, onerous, likely to be onerous
  - Defines the lowest level of granularity

- **CSM**
  - Current and past period results, with an analysis of change
  - Locked in discount rates (GM)
  - Insurance vs reinsurance

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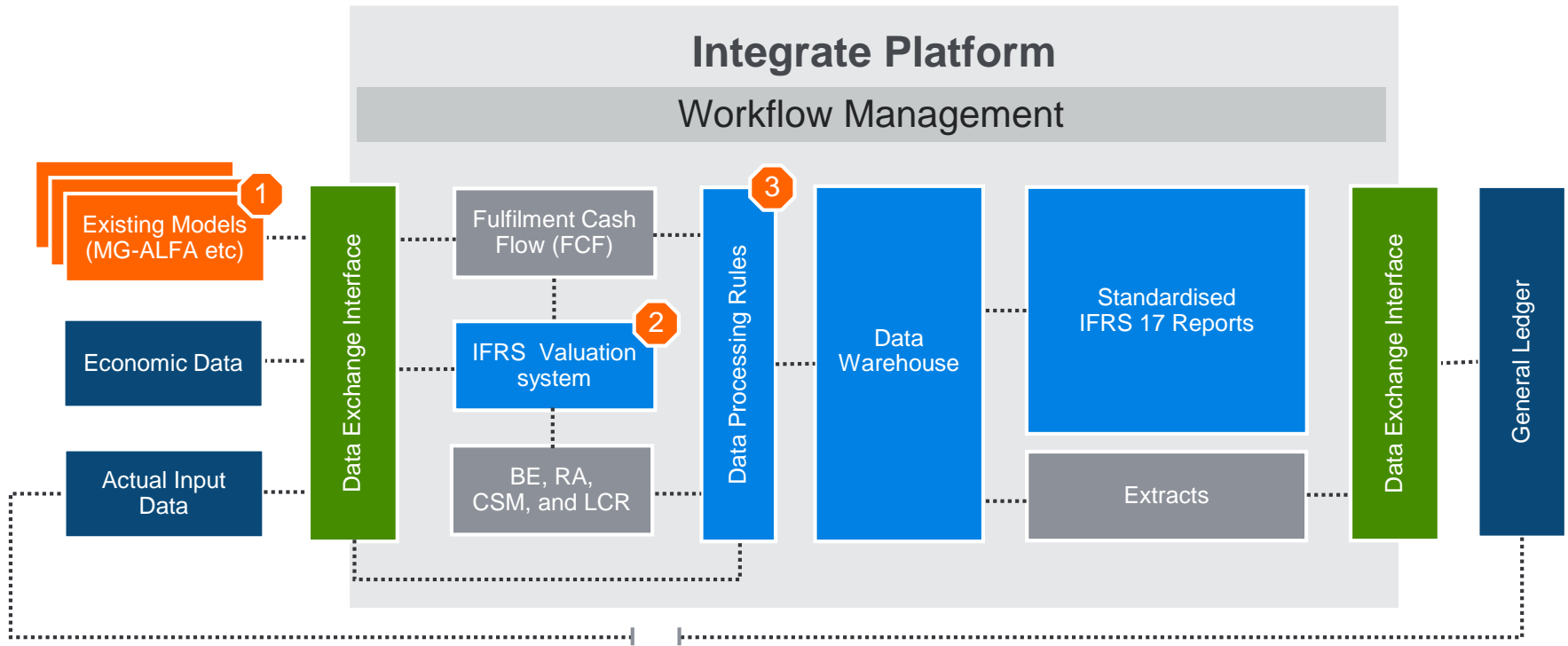IFRS 17 Calculation challenges

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Overview

Integrate Platform

Workflow Management

1 Existing Models (MG-ALFA etc)

Economic Data

Actual Input Data

Data Exchange Interface

Fulfilment Cash Flow (FCF)

2 IFRS Valuation system

BE, RA, CSM, and LCR

3 Data Processing Rules

Data Warehouse

Standardised IFRS 17 Reports

Extracts

Data Exchange Interface

General Ledger

Software-as-a-service
End-to-end process provided as a service with full customer and operational support.

Automated Workflow
Automate execution of end-to-end process.
Full audit and governance.

Cloud-based review
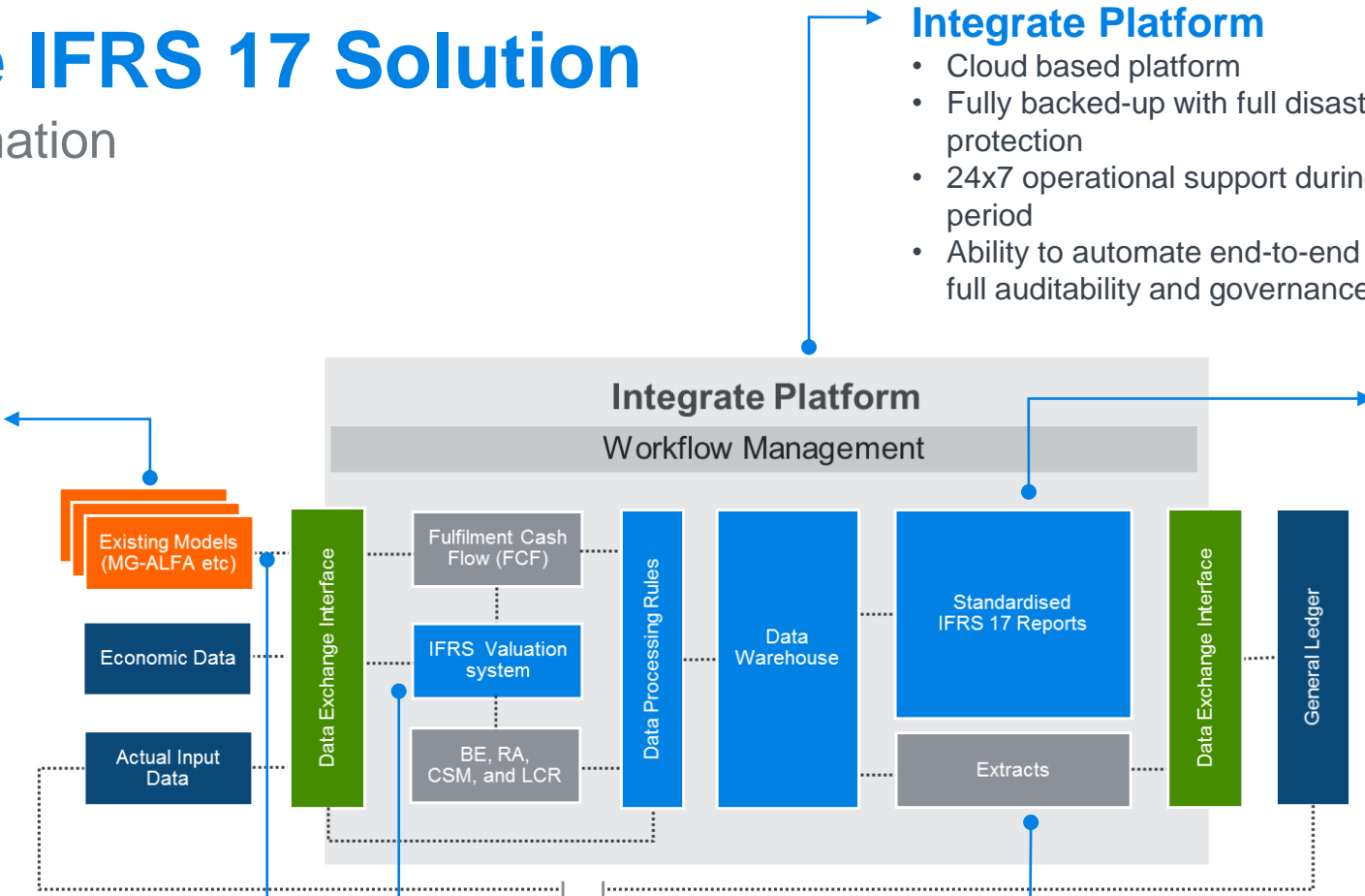Interactive reporting layer to support analysis, review and sign-off across multiple reporting bases.

Existing Models
No change to infrastructure. However, number of modelling changes needed to support IFRS 17.

Key

External Input Data

Output Data

Integrate Components

Data Exchange Interface

External Valuation System(s)

1 Existing client models

2 IFRS MG-ALFA Model

3 ETL processes

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Further Information

Integrate Platform
- Cloud based platform
- Fully backed-up with full disaster recovery protection
- 24x7 operational support during valuation period
- Ability to automate end-to-end workflow, with full auditability and governance

Projection Model(s)
- Continue to run on existing platform(s)
- Changes need to support IFRS 17 cash flow requirements

Analysis Layer
- Cloud based approach to analysis and review of IFRS 17 calculations
- Results can be sourced from multiple sources to provide complete picture to support analysis
- Ability to provide reports for multiple reporting bases, and allow for reconciliation across these bases
- Ability to interact and drill-down into results

Inputs
- Combine results from multiple runs and systems
- Can be done in the cloud or on-premises

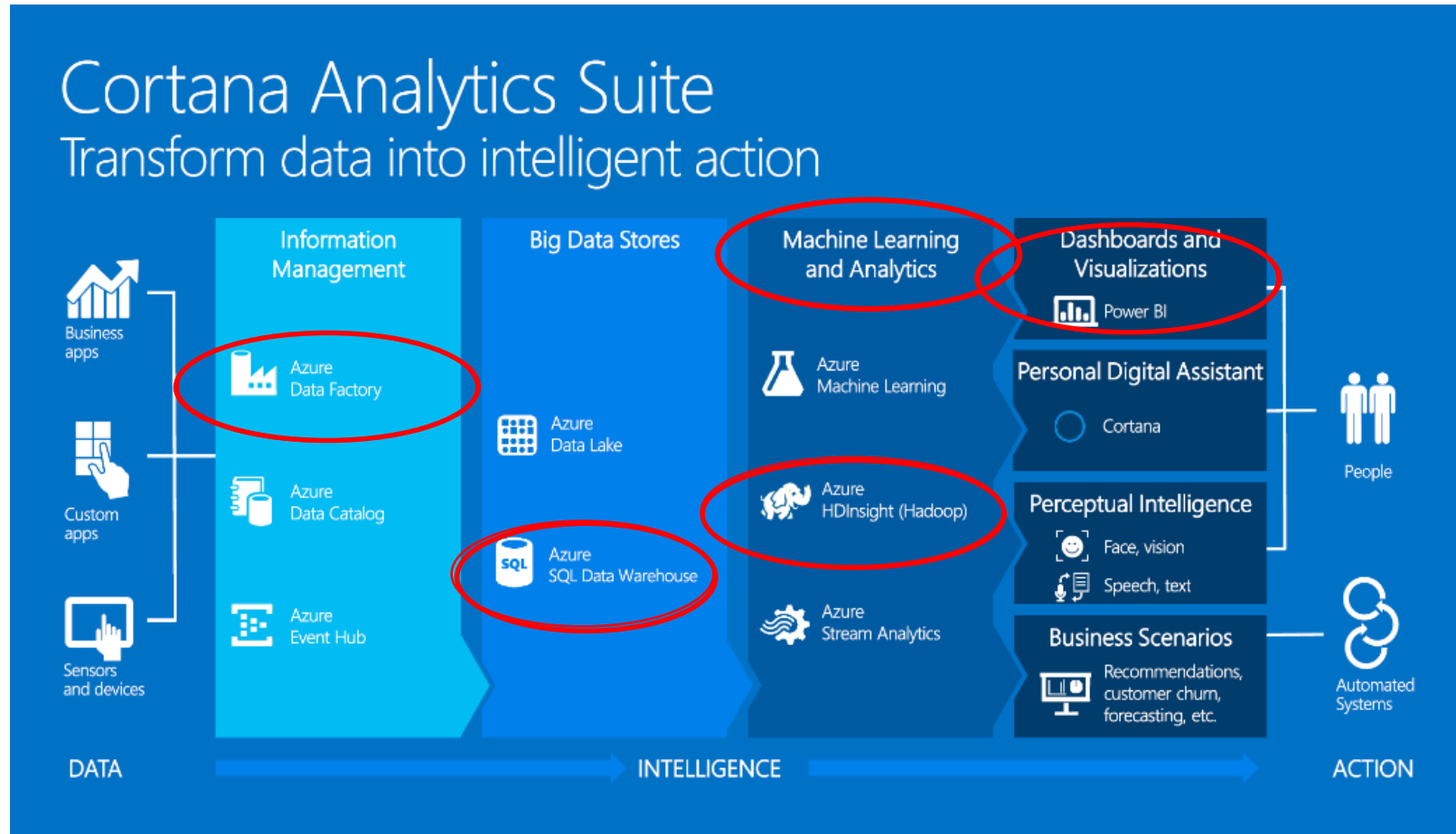**IFRS 17 Model**
MG-ALFA model that:
- Consumes data from multiple sources (cash flow model and data warehouse)
- Calculates BE, CSM and, RA and LCR, interest accretion, amortisation profile etc

Extracts
- Targeted extracts containing all required data for down-stream processing
- Provided via fully governed and automated data exchange interface

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Data Management Capabilities

Microsoft Azure public cloud provides access to these services on a variable cost basis.

Azure Data Factory
Platform to gather, prepare, and transform big data.

SQL Azure
SQL based, fully managed, cloud-based elastic data warehouse.

Azure HDInsight
Cloud-based platform to support big data processing.

Power BI
Cloud-based BI tool that provides powerful and easy to use interactive visual dashboards.

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Trends

Major concern on cybersecurity
- Increasing attacks in size and complexity leading to greater concern on cybersecurity.
- Up to 80% of technology executives reporting difficulty in developing solid defense partly due to lack of talent.
- This is leading to increased use of managed security services

"As-a-service" Consumption
Increased preference for consumption-based pricing models.

Shift capital from expenditure to operational:
- Reduces risk
- Frees up capital
- Provides increased flexibility

Unit of compute/storage in the cloud can be up to 50% cheaper

Ability to quickly scale IT infrastructure as business environment changes (acquisitions or run off).

Integrate

Cloud becoming mainstream
Sea change in enterprises moving to the public cloud.

Increased use of open-source
Increased use of open-source software.

Artificial Intelligence and Machine-learning
Maturing artificial intelligence capabilities offering real benefits to companies.
Significant benefits in automation, but scale of disruption huge.

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