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HCC helps global life assurance company implement Solvency II

Background: A complex regulatory environment

In order to implement the Solvency II directive by the deadline of January 2014, all insurers had to overcome the challenges posed by the directive's complex data requirements and the implementation of a data architecture capable of meeting them. When a multinational life assurance company embarked upon their Solvency II programme, it quickly became apparent they would need assistance with meeting the complex data requirements stated within.

After working towards the objectives set in Pillars I and II, they set about analysing the implications of the data requirements in Pillar III. These included:

- Enhancing existing data management, data architecture and governance to demonstrate that data is complete, accurate and appropriate
- Developing a data policy
- Building a data storage facility to ensure that only one set of data is used for reporting
- Enabling internal and external reporting
- Illustrating an audit trail of the data from source system to reports
- Automating as many manual processes as sensibly possible

After some initial investigation, they selected the Microsoft business intelligence (BI) platform as their platform of choice and identified a Gold Partner to work with. Hitachi Consulting (formally Information Management Group Ltd.), Microsoft Global BI Partner of the Year for four years running and specialists in information management and BI, had the breadth and depth of skills that the company was looking for.

The IT department was highly skilled and experienced in managing line of business applications, but did not possess the expertise to implement an extensive information management strategy. Hitachi Consulting worked alongside their teams to assess the data requirements of Solvency II and translate these into actionable, functional requirements.

Bridging the gap between the business and IT

Initial activity focused on stakeholder management and alignment to drive Solvency II programme support and bridge the gap between business and IT. Hitachi Consulting's proposal for a project team restructure brought together staff from both functions to ensure effective collaboration and programme support.

Once the teams were in place, the requirements were more formally captured through the use of solution demonstrations, pilots and incremental gathering and visualisation. The emphasis on encouraging management buy-in and defining a clear direction eased communication and fostered a more effective working environment.

Working closely with the business and IT departments, the Hitachi Consulting team were able to interpret the directives from the Financial Services Authority (FSA), translating these mandates into clear functional requirements.

Measuring progress

Hitachi Consulting conducted a Solvency II evaluation, designed to accurately measure an organisation's progress in achieving their Solvency II objectives, in such categories as the evaluation of source systems, data analysis, reporting requirements and integration with existing systems. The outcome of this was a clear picture of where the client's organisation was in terms of Solvency II, and the areas that were still outstanding.

Hitachi Consulting delivered a pilot solution, reproducing one of the existing FSA reports. The pilot showcased the Microsoft BI platform and demonstrated the capabilities of the technology to both the business and IT departments, and dashboards were presented to the business as a tool for gathering reporting requirements. This iterative project management approach helped to more clearly communicate and define requirements, as well as secure senior management buy-in.

Technical overview

- Data warehouse environment, delivered on SQL Server
- Issue tracking using Team Foundation Services
- BI reporting solution using Excel services, PerformancePoint, PowerPivot, integration services integrated mode
- Regulatory Reporting using Reporting Services
- Cross function collaboration, bringing the Investments, Actuarial, Finance and IT departments together
- Integrated and intuitive user interface using the latest verison of SharePoint

Laying the foundations

To accurately translate the requirements into an architectural design, Microsoft Team Foundation Server was implemented to manage the entire cycle, from design through to implementation and testing. The primary objective was to support solution development and to maintain traceability of the requirements.

By using Hitachi Consulting's Solvency II Accelerator/ ETL Framework, much of the data requirement complexities were reduced, due to the framework's built-in data lineage capability. Previously it had been difficult to identify what business rules were being applied to the data and where these were managed, but all business rules are now centrally managed and reports can be created around them.

The client used a third-party actuarial modelling solution to meet the requirements of Pillar I, and the outputs from this tool are now fed back into the Solvency II repository to be used for direct reporting and data analysis. The Hitachi Consulting team also worked very closely with the organisation's staff to impart valuable knowledge and skills, and provide mentoring and coaching.

Benefits

Hitachi Consulting have delivered a solution that caters for the organisation's Solvency II data requirements, both at the business unit and at the group level.

All of the data is now consolidated and validated in a single repository, which in turn feeds into the reporting solution. The data auditability and data lineage requirements have been satisfied, and the users now have easy and simple access to accurate and timely reporting.

A standardised enterprise architecture has been deployed with new, more effective business practices being adopted across the business. Historic communication problems between the business and IT departments have been addressed, resulting in a more cooperative and productive working relationship.

About Hitachi Consulting

Hitachi Consulting is the global solutions and professional services organisation within Hitachi Ltd., a global innovation leader in industrial and information technology solutions and an early pioneer of the Internet of Things. Hitachi Consulting is a business integrator for the IoT era and a catalyst for digital transformation. Using our deep domain knowledge, we strategically collaborate with our clients to help them innovate faster, maximise operational efficiency and realise measurable, sustainable business and societal value. As a consulting-led solutions company, we can help you leverage data as a strategic asset to drive competitive differentiation, customer loyalty and growth. To learn more, visit www.hitachiconsulting.com.

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