



SUCCESS STORY

If Insurance: A flexible approach to Solvency II compliance

4 months | FULL INSTRUMENT AND RISK DATA COVERAGE FOR SOLVENCY II
DATA WAREHOUSE FEED CREATED IN FOUR MONTHS |



INDUSTRY: Insurance
SOLUTION: SkySparc OmniFi and Consulting

ABOUT IF INSURANCE

If P&C Insurance Holding Ltd is the leading property and casualty insurance company in the Nordic region, with approximately 3.6 million customers in Sweden, Finland and the Baltic countries, as well as Nordic customers with international operations. It is a fully-owned subsidiary of Helsinki-listed Sampo Group.

CHALLENGES

Solvency II is the updated set of regulatory requirements for insurance firms that operate in the European Union. It aims to ensure understanding by insurers of the inherent business risks in the industry and the allocation of sufficient capital to cover them. The new rules come into effect in 2013. If Insurance understood the implications of the regulatory change early and began a large program to move the organisation towards compliance. A key part of this is a project to collect and analyse risk data from If's investment

operations. "We were given high level requirements for risk data that would need to be extracted to a risk data storage for analysis," says Anders Eriksson, system and process manager at If. "But the caveat was that it was a moving target. As the regulation is not yet adopted by EIOPA (European Insurance and Occupational Pensions Authority) we needed to maintain flexibility. The risk data storage was being fed by many systems across the organization, and Wallstreet Suite was a key data source that already recorded all the investment operation data we needed for Solvency II compliance. We needed

additional expertise to help with mapping the requirements to actual data fields in the portfolio management system, and a tool to simplify and automate the feed to the data warehouse."

SkySparc quickly grasped the impact of Solvency II on our business requirements."

Anders Eriksson, system and process development manager, If Insurance

QUICK FACTS

- Unique mix of **financial** and **technical expertise** helps SkySparc consultants deliver **rapid implementation** of data warehouse feed. Full instrument and risk data coverage was completed in just four months
- **Success of project** enables If Insurance to feed two years of historical risk data into Solvency II data warehouse before January 2012 compliance deadline
- Flexible and transparent approach to processes and data extraction prepares If Insurance for changing requirements in **Solvency II** compliance

SOLUTION

If Insurance turned to SkySparc, a financial consulting firm with extensive experience supporting asset managers, central banks and treasuries. SkySparc's consultants combine financial expertise with in-depth understanding of all Wallstreet Suite modules and interfaces. In December 2009 a SkySparc consultant joined the team led by Mr Eriksson to interpret what data was needed and match requirements to exact fields in the portfolio management system. The consultant began by defining data from just one instrument as a starting point to prove the approach and evaluate the time taken. They then continued on with all other instruments, expanding the scope.

The consultant used SkySparc's business intelligence software OmniFi to act as a data warehouse feeder, extracting detailed data on instruments, transactions and cash flow. Data was extracted both raw and calculated using the business logic of the system. OmniFi's flexibility made it much better suited to the data warehouse project than the alternative of hard-coded SQL integration.

"There are lots of data extraction tools on the market," says Mr Eriksson. "But we needed more than just raw data that could only be examined after extraction. For our Solvency II project we needed to extract

calculated risk figures, and have a transparent view of the data and underlying business logic of our portfolio management system. Using OmniFi in the project gave us this capability."

RESULTS

Meeting the requirements for data delivery in line with the moving target from EIOPA, SkySparc's full-time consultant on the project worked with additional SkySparc resources and the If Insurance team to deliver full instrument and data coverage within four months. During this time the solution and process were regularly fine-tuned to ensure they met all of If Insurance's expectations.

SkySparc needed to remain agile during the deployment, as data requirements were changing regularly. The risk data project consultant worked effectively with the wider Solvency II programme team, using the flexible OmniFi solution to quickly reflect changes to the requirements without delaying project delivery. And the solution and processes put in place by SkySparc will maintain flexibility for If Insurance's future needs.

Because If Insurance was able to implement its Solvency II program early, even while full data requirements were not

set in stone, it has been able to establish a valuable risk data warehouse with historical data coverage from January 2010. This will be a big help in demonstrating the compliance of its advanced internal model with the new regulations from 2013.

By tapping the expertise of SkySparc's consulting team, If Insurance has been able to make more efficient use of its in-house operations staff, while minimising the training and project oversight overheads that often accompany consultancy engagements.

"If I went to a general business consultant I would have spent so much time teaching them about what I require and the systems I need to get it from that I would have been better doing it myself," says Mr Eriksson.

"SkySparc quickly grasped the impact of Solvency II on our business requirements. I could just give them the brief and get the team working with minimal input from me. For every 10 hours spent by the SkySparc consultant I only had to spend half an hour monitoring progress. That was why I wanted to use SkySparc. This wouldn't have happened with any other traditional consultancy."

ABOUT SKYSPARC

SkySparc, an independent solutions provider trusted by banks, central banks, Fortune 100 corporate treasuries and asset managers, offers complementary software, outsourced support and a wide range of financial and technical consulting services. Outsourced support enables our customers to focus on their core business and benefit from attentive service from our financial and technical experts. SkySparc OmniFi delivers sustainable business value to customer through advanced management reporting, process automation, system integration and fully automated testing. SkySparc is the winner of *Central Banking Publications'* 2015 Consultancy and Advisory Award and the 2014 Adam Smith Award for Best Risk Management Solution, awarded by *Treasury Today*.



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