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Life Conference 2022

23-25 November, ACC Liverpool

#LifeConf





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Automating Reporting – From Model Output to Submitting the QRTs, with (nearly) no spreadsheets

David Houston (Aegon),
Patrick Penzler (WTW),
and Tom Beasley (WTW)

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Speakers



David Houston, Aegon UK, Head of Solvency II Reporting

David is currently Aegon UK Head of Solvency II Reporting with responsibility for leading the financial management reporting for all Solvency II and economic capital reporting to satisfy Aegon UK Board, the Group Board, and Regulatory requirements. He is also a Scheme Strategist of the Aegon Master Trust and a Trustee Director of the Aegon UK Staff Retirement & Death Benefit Scheme.



Patrick Penzler, WTW, Director, Insurance Consulting and Technology

Patrick focusses on actuarial Finance Transformation and how technology can help companies make their processes faster, better and cheaper. Patrick has over 12 years' experience in life insurance consulting and has led some of WTW's largest transformation projects.



Tom Beasley, WTW, Director, Insurance Consulting and Technology

Tom has been with WTW since 2011. He is the product lead for WTW's DataValidator solution, and is also on the global leadership team for WTW's Unify solution. Tom also leads our internal Centre of Excellence for Business Process Automation.



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Finance Transformation – A Client Case Study

Background & Challenge



Require transformational improvement in the end-to-end Solvency II reporting process

- Brexit Divergence – Solvency II “Dual Reporting”
- Current stretch and limited contingency in working day timetable
- Incremental & tactical improvements made to Solvency II reporting process since its introduction
- Current manual effort and significant number of spreadsheets
- Integrate with & deliver common benefits to the IFRS17 programme



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Finance Transformation – A Client Case Study

Key Objectives



- Ensure Aegon UK can confidently meet the quarterly and annual UK and EU Solvency II reporting timelines
- Provide more insightful analysis on capital forecasts and sensitivities, and performance measurement
- Ensure capital sensitivities and capital forecasts can be delivered in an efficient and timely manner to facilitate Stress and Scenario testing, Business Planning, ORSA, etc.
- Materially improve processes & controls and deliver cost efficiency



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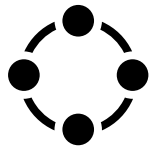
Finance Transformation – A Client Case Study

Vision Statement

Vision

Aegon UK can comfortably deliver both UK and EU Solvency II results within Solvency II timescales and other 'standard' Solvency II demands through efficient and effective automated, documented, and controlled processes with reduced operating costs.

How do we
achieve this?



People

- Upskilling team through training and development
- Review mix of skills to facilitate agile model maintenance and analysis
- Evolve culture to focus more on value-add activity and continuous improvement

Technology

- Limited use of Excel in Production environment
- Agility to allow timely changes in a controlled environment
- Significantly faster end-to-end process with capacity to deliver larger number of Solvency II results
- User understanding is key (i.e. no blackbox solution)

Processes

- Ensure processes are efficient, easy to maintain, and well documented
- Automate controls with emphasis on preventative controls
- Standardise processes, reporting formats and documentation



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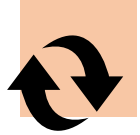
Project set-up

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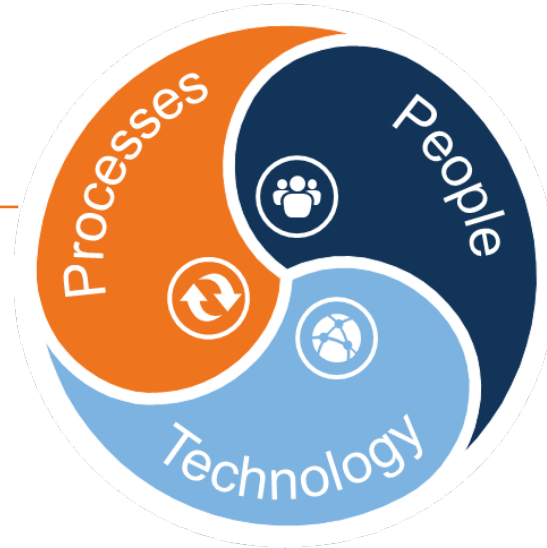


Approach – project set-up

Aims



- Improve processes; don't just automate current processes.
- Build efficient processes.
- Reduce effort and shorten elapsed time.
- Run the project efficiently without too much overhead.



- Make sure everyone shares the same vision and is clear about key outcomes.
- Win hearts and minds and get buy in from the business.
- Maintain buy-in over the course of the project.
- Make Aegon independent of WTW



- Needs to enable these outcomes



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Approach – project set-up

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- Improve process current processes
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Regular delivery of benefits

Phased implementation



- Needs to enable these outcomes

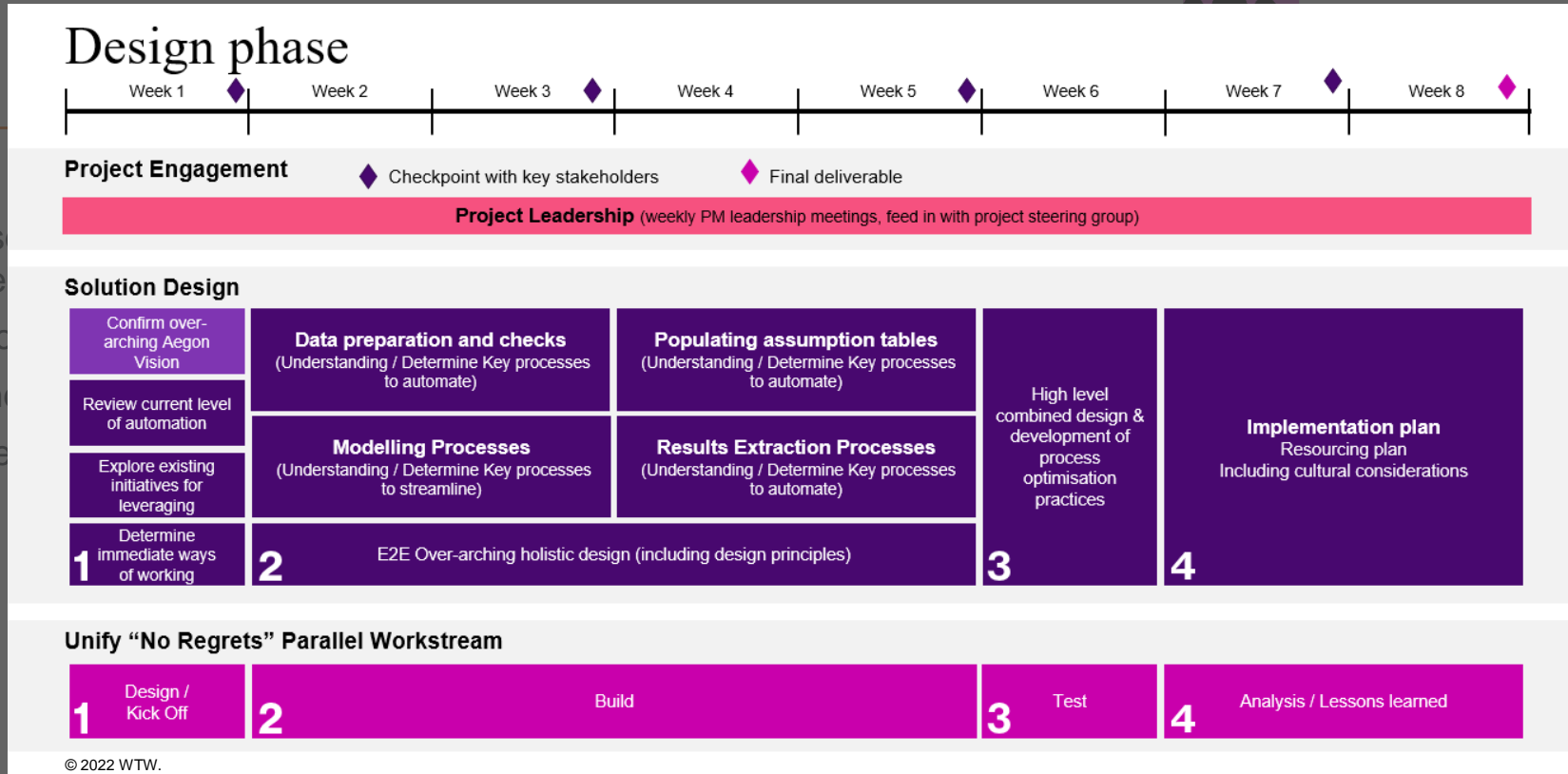
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Approach – project set-up

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Summary of key deliverables

Solution Design Report



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Solution Design Report

- **Vision statement and key objectives** – setting out the strategic direction set and objectives for the overall project ambition
- **Critical path analysis** – documenting the key tasks in the process and their dependencies on each other
- **Cost-benefit analysis** – prioritisation of improvements to maximise return on investment
- **End state design** – reflecting the scope and objectives laid out in the vision statement
- **Implementation plan** – a costed and resourced plan on how to get to the End State

Unify delivery

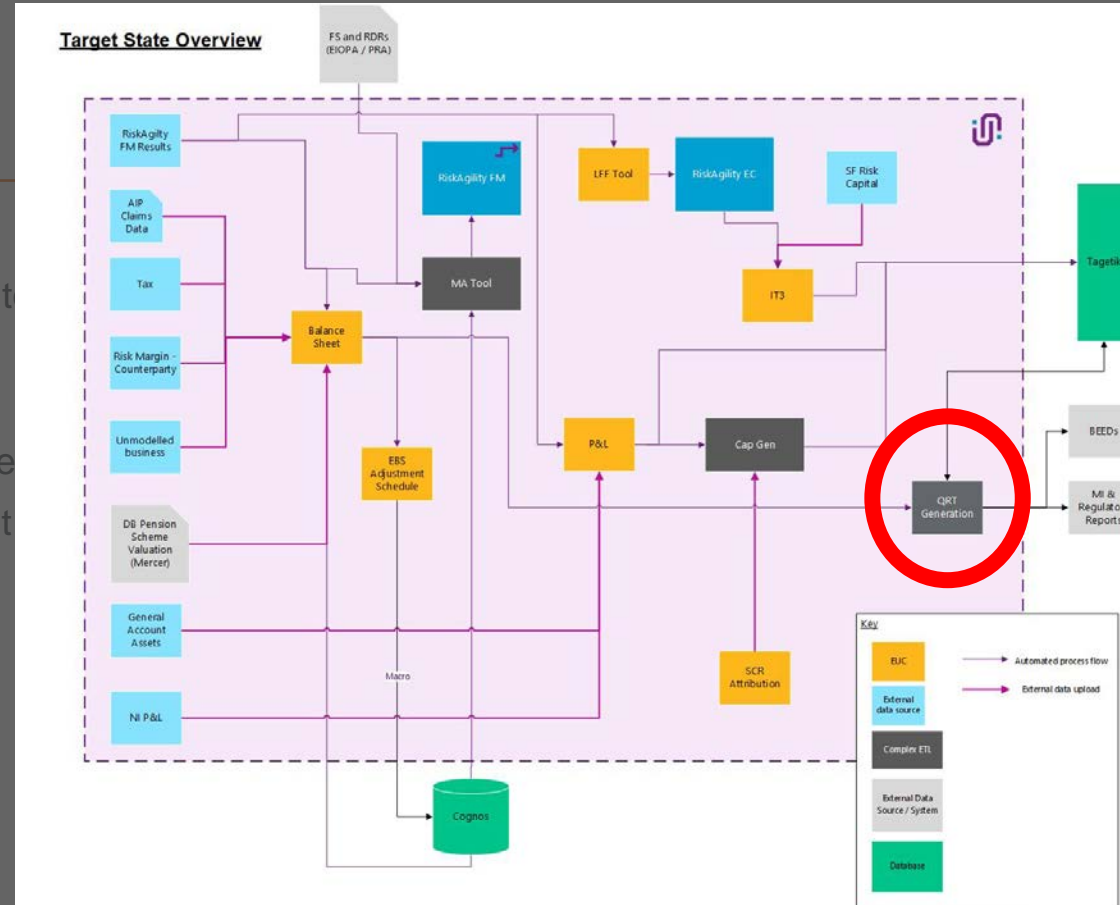
- **Implemented Unify workflow** - “Quick win” Automated results extraction process using our Unify technology to deliver immediate speed, control and audit benefits.
- **Key training and knowledge transfer** - such that Aegon staff can hit the ground running for future implementation phases

Approach – project set-up

Aims



- Improve processes; don't just automate current processes.
- Build efficient processes.
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Make sure everyone shares the same vision and is clear about key outcomes. Gain buy-in from hearts and minds and get buy-in from the business. Maintain buy-in over the course of the project. Make Aegon independent of WTW

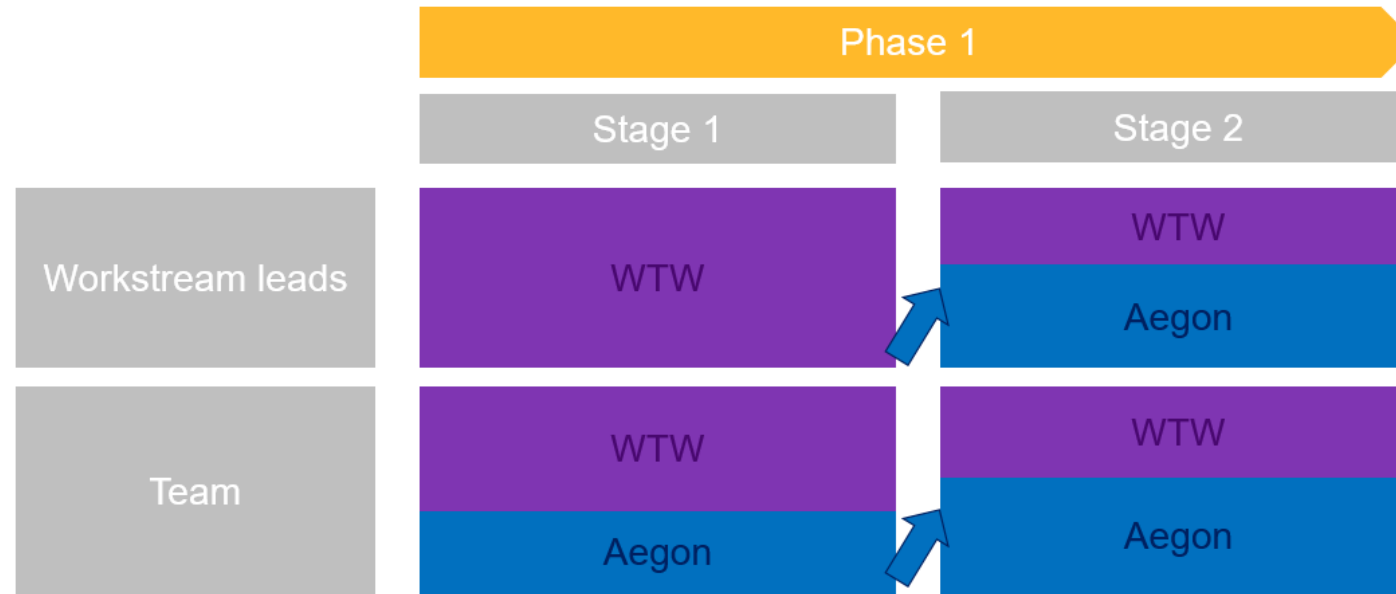
Approach – project set-up

Aims



- Improve processes and current processes
- Build efficient processes
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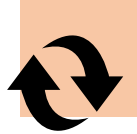
Balance of Responsibility



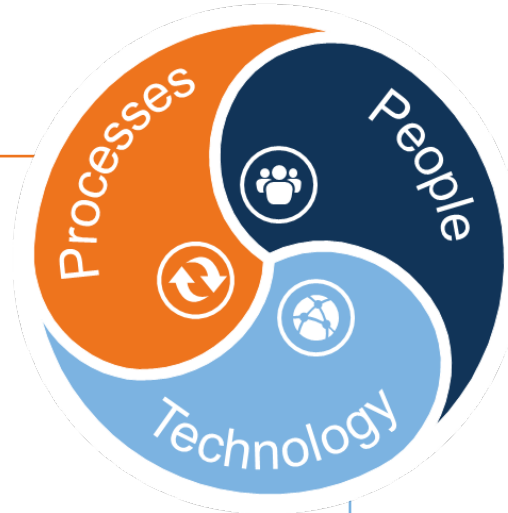
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Approach – project set-up

Aims



- Improve processes; don't just automate current processes.
 - *Initial design phase to ensure consistent overall design.*
- Build efficient processes
 - *Right-to-left design for a process that is driven by business requirements.*
- Reduce effort and shorten timelines
 - *Use automation, improve governance.*
 - *Build controls into the automated processes*
- Run the project efficiently without too much overhead.
 - *Agile/hybrid project management, flat decision structure*



- Needs to enable these outcomes



- Make sure everyone shares the same vision and is clear about key outcomes.
 - *Define vision and key outcomes*
- Win hearts and minds and get buy in from the business.
 - *Proof of Value*
 - *Solution design report*
- Maintain buy-in over the course of the project.
 - *Phased implementation with regular delivery of benefits*
 - *Regular Show & Tells. Regular UAT phases.*
- Make Aegon independent of WTW
 - *Knowledge transfer and learning on the job through joint team, avoiding the need for a handover phase.*



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Technology

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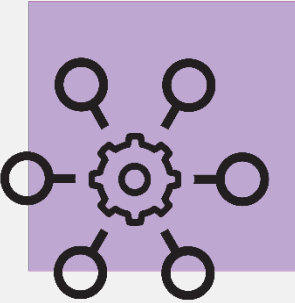




WTW Unify

Integrate systems and automate processes to achieve more, faster, for less

Unify is an enterprise-wide systems integration, automation and governance platform designed specifically to serve the insurance industry.



Automation



Integration

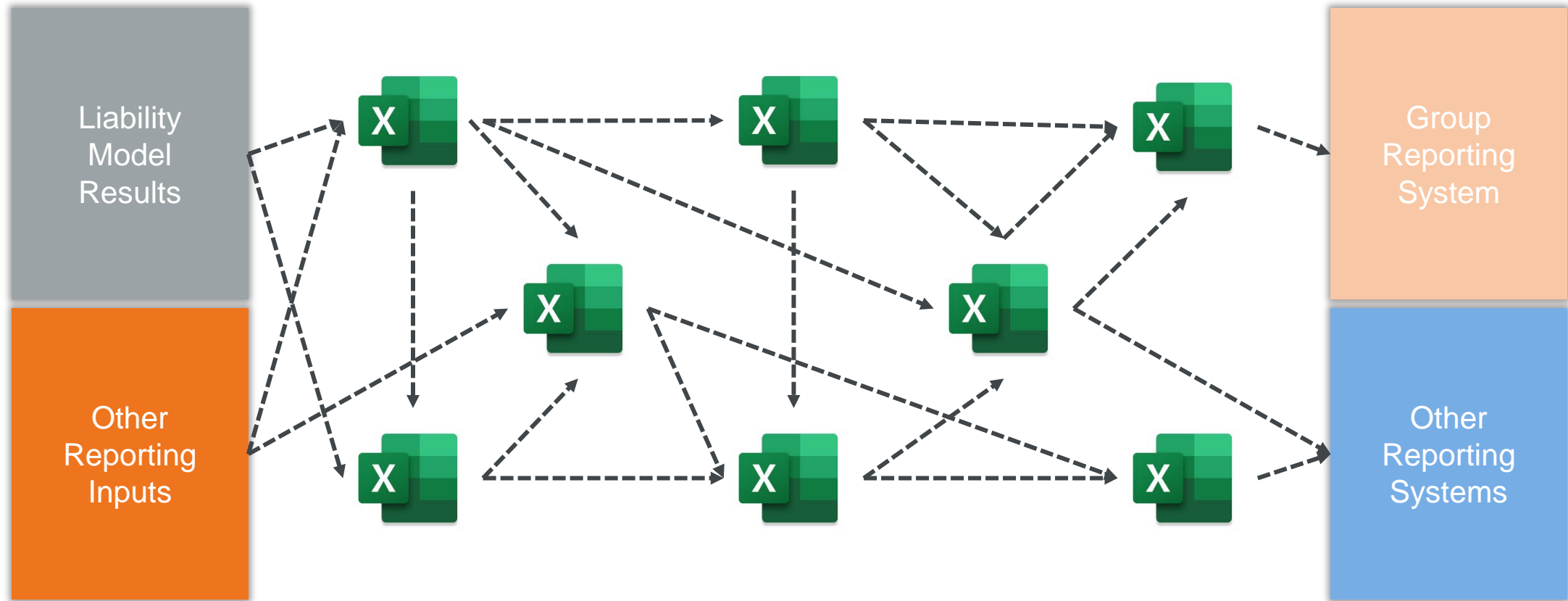


Governance



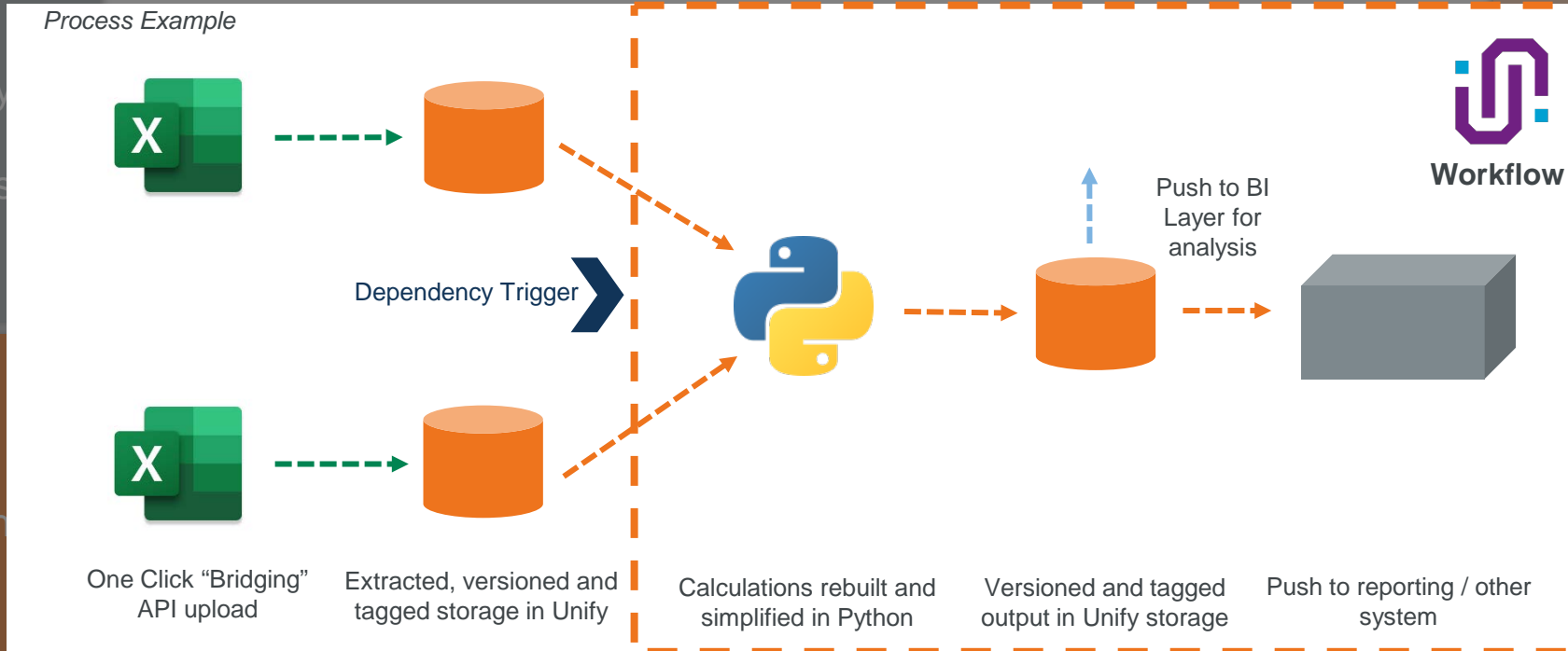
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Reporting Process Overview



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Reporting Process Overview

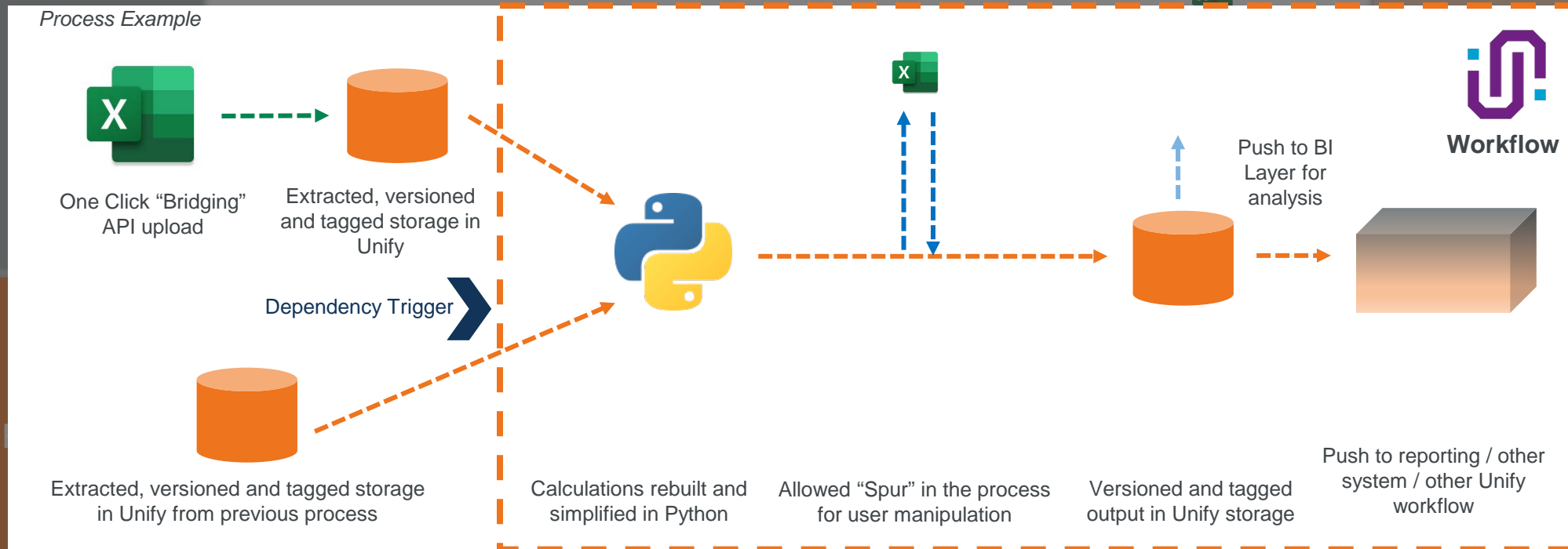


BI Layer



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Reporting Process Overview

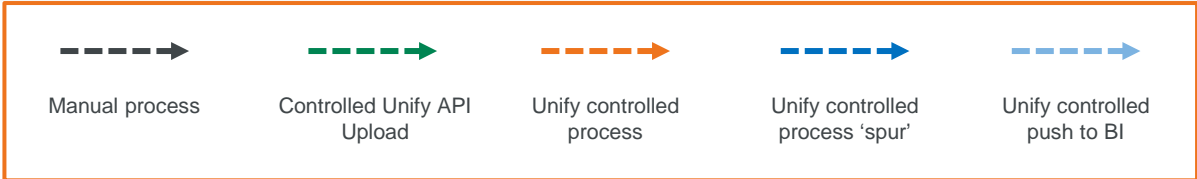
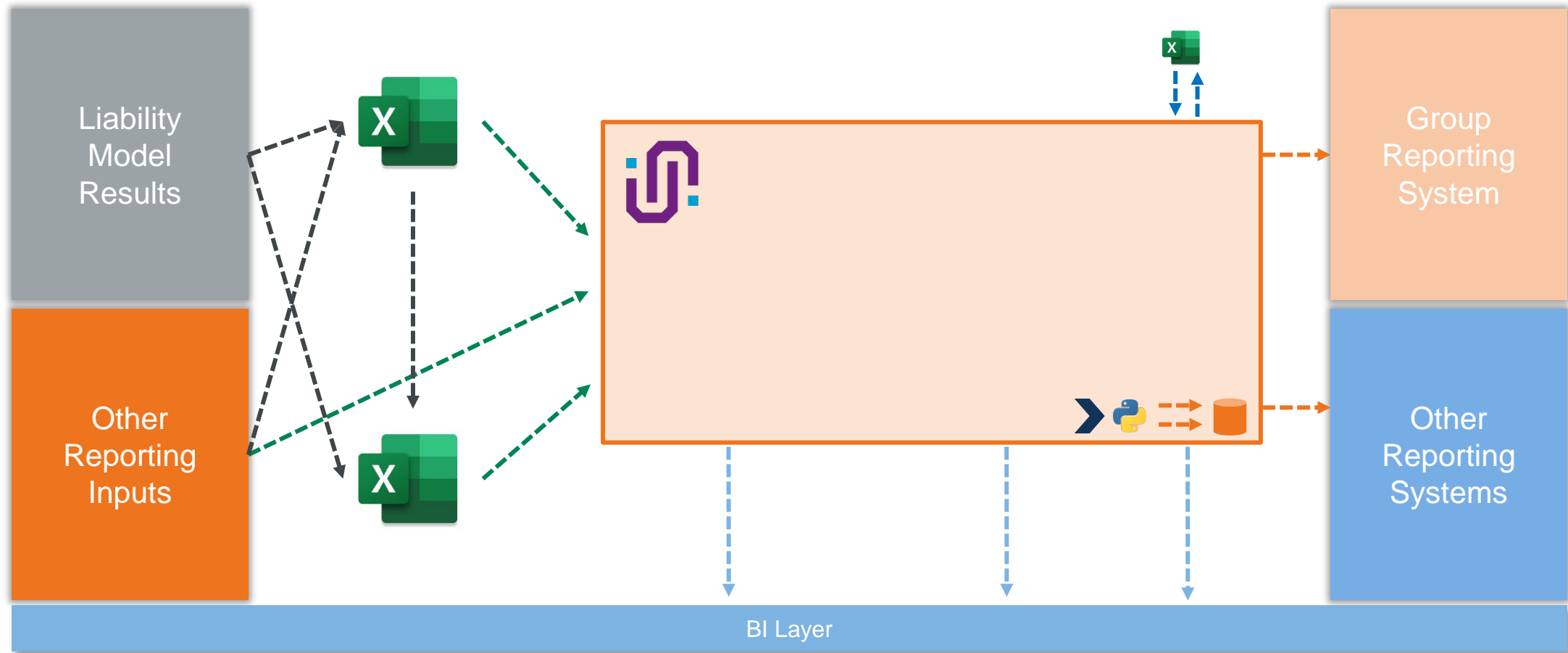


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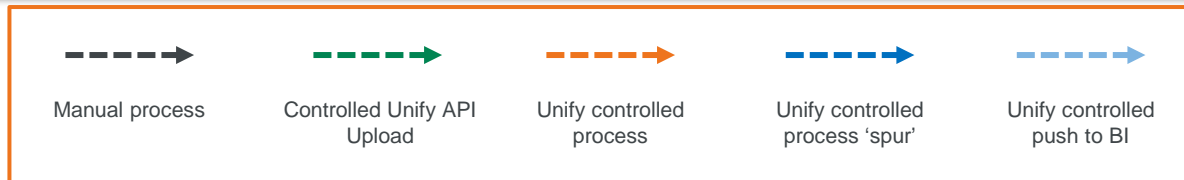
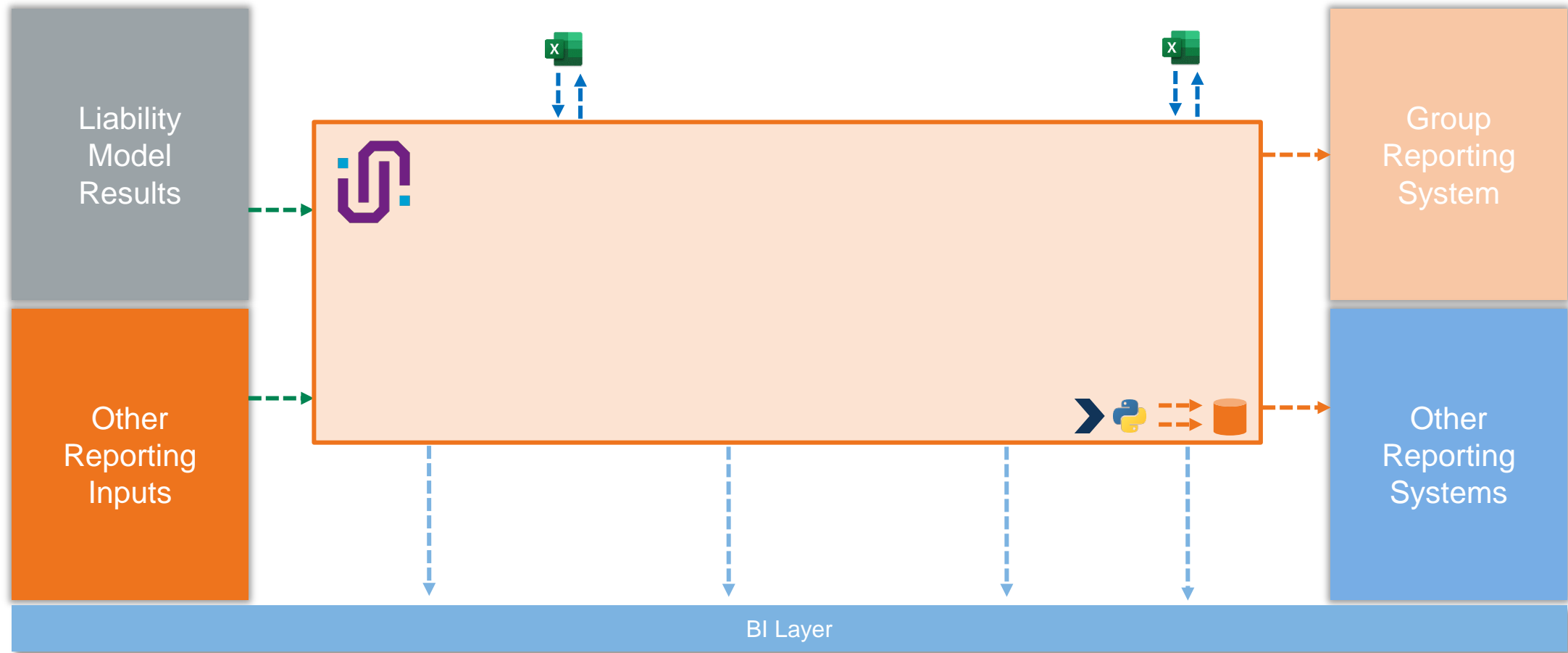
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Reporting Process Overview



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Reporting Process Overview

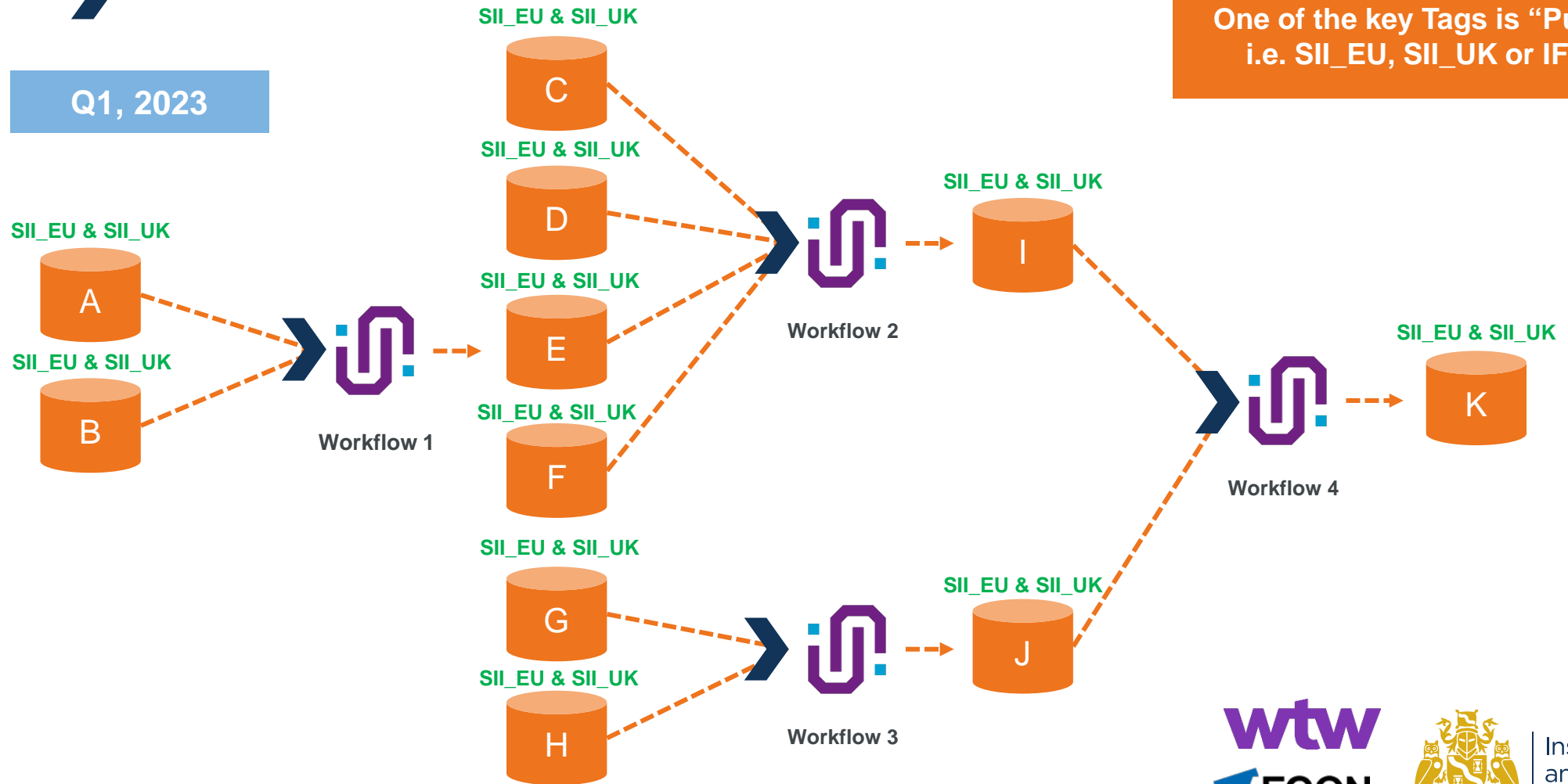


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Reporting Process Overview

Dependency Trigger 

Q1, 2023



Each Unify Dataset is versioned with many "Tags"
One of the key Tags is "Purpose" i.e. SII_EU, SII_UK or IFRS17



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Reporting Process Overview

Dependency Trigger



Q2, 2023

SII_EU & SII_UK

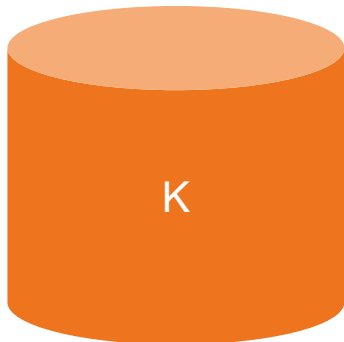
C

SII_EU & SII_UK

A

SII_EU & SII_UK

B



K

Version	Tags		
	Quarter	Year	Purpose
v1	Q1	2023	SII_EU & SII_UK
v2	Q2	2023	SII_EU
v3	Q2	2023	SII_UK

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SII_EU & SII_UK



K

G

SII_EU & SII_UK

H



Workflow 3

SII_EU & SII_UK



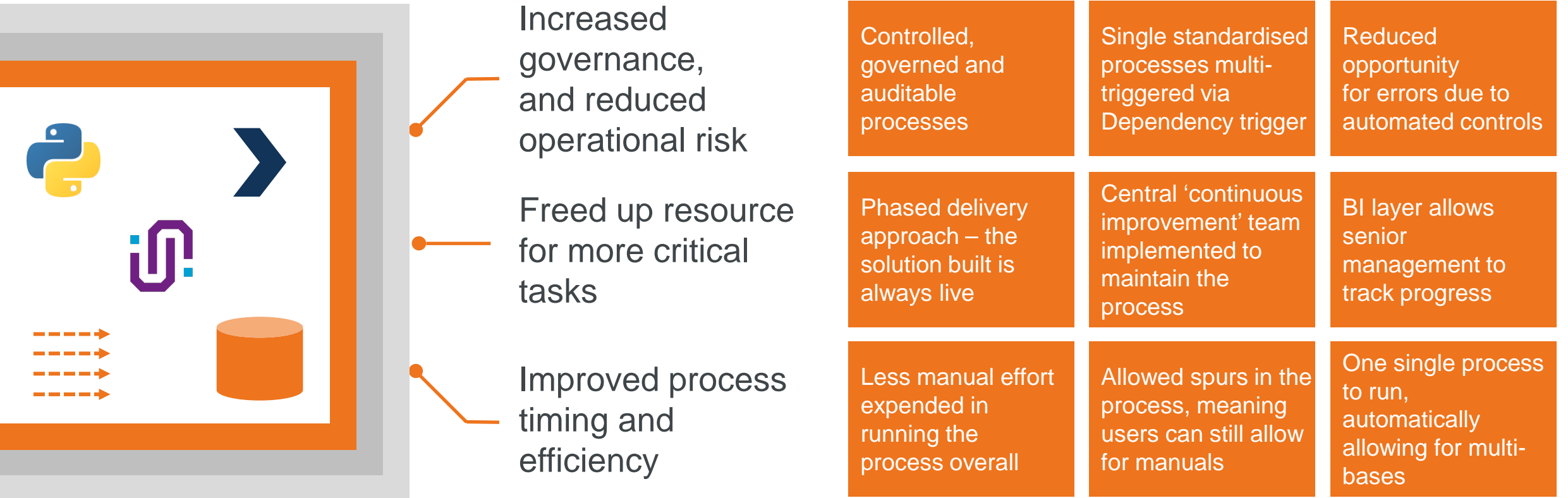
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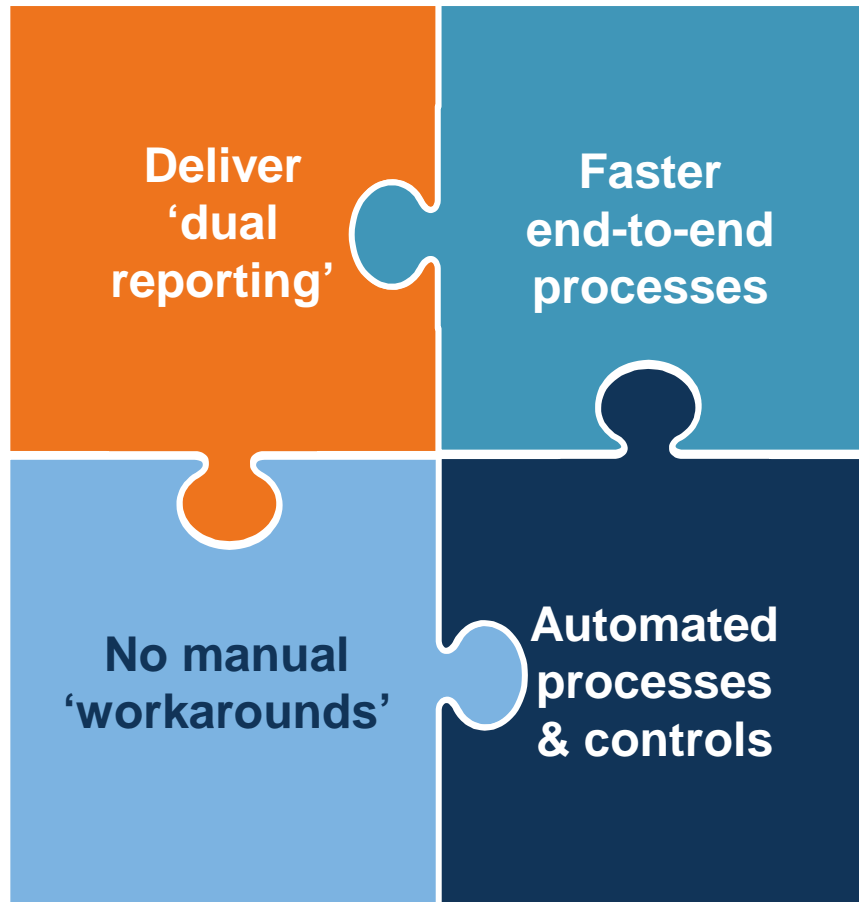
Summary

- How the system delivered brings benefits to Aegon



Finance Transformation – A Client Case Study

Measurable Outcomes & Target Benefits



Meet requirements of Solvency II 'dual reporting' as efficiently as possible, both in the short and longer term

Planned acceleration in Solvency II reporting timetables can be met

Processes redesigned and as far as practical moved from Excel

Processes automated are not a 'black box' and allow users to interact with the processes

Automated controls with emphasis on preventative controls

Less manual work – more time spent on value-add activity and improved employee engagement



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Finance Transformation – A Client Case Study

Live Project Update

- Project has target end date of December 2023.
- Structured as a series of clear/phased stages, each targeted to deliver incremental benefits.
- First release was implemented for Q3 2022 reporting. This delivered automation benefits in two components of the end-to-end reporting process:
 - **Assumptions** – improved and streamlined the assumptions process to work more efficiently with our actuarial liability models and to support the storage and versioning of assumptions for dual reporting purposes
 - **Results Extraction** – Solvency II quarterly QRTs – re-design of the process with bridging connections to areas of the remaining Results Extraction process and automation of the required data uploads to our Group consolidation system
- Currently working on the next set of developments to be implemented for Q4 2022 reporting as we work to implement developments across the end-to-end Solvency II reporting process.



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Thank you

Q&A

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