

CLIENT SPOTLIGHT: NLB Vita Selects Moody's Analytics to Help Prepare for Solvency II

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Senior Manager
NLB Vita.


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Življenjska zavarovalnica

NLB Vita is a significant provider of insurance products, covering predominantly life insurance, in Slovenia. NLB Vita is a joint venture between the NLB Group, a large financial services group based in Slovenia, and KBC Insurance, a large Belgian insurance company. NLB Vita has over 300 million Euros in assets under management. It works closely with its parent, NLB Bank, leveraging the bank's network to promote its insurance products.

The Challenge: Balancing Business Growth and Solvency II Compliance

NLB Vita has enjoyed significant growth in premium income in recent years, as demand for sophisticated insurance products has grown in Slovenia. Its business systems and processes reflected the rapid growth and development of the business. Data was dispersed across a range of different systems and platforms, in multiple formats. This made ensuring the effective management control of the business challenging. There was significant time and effort needed to consolidate and rationalize business data into management reports. Reports might be inconsistent and inaccurate, making it difficult for managers to make the best decisions for the business.

The introduction of Solvency II, planned for 2016, added an extra level of complexity for NLB Vita's management. The Solvency II requirement for more accurate, consistent, and regular regulatory reporting underpinned by effective data management, presented management with a significant challenge. They recognized that the demands of Solvency II and the need for continued business growth would place significant demands on the existing technology infrastructure. NLB Vita's management reviewed their options and selected Moody's Analytics RiskIntegrity™ Solution to help manage their Solvency II compliance requirements, and deliver enhanced management insight into the business.

RiskIntegrity – Moody's Analytics Solution for Solvency II

Moody's Analytics delivered a comprehensive solution that helped NLB Vita to comply with Solvency II. The solution encompasses data collection, calculation of the key Solvency II requirements, and managing the submission of the results to its regulator, the Slovenian Insurance Supervision Agency (AZN).

The solution leverages the RiskFoundation™ data platform to collect and consolidate data from the six critical source systems across the business. These provide the base data to populate the Solvency II reports. These systems cover policy administration, claims management, financial management and actuarial systems, as well as investment and risk management.

The RiskFoundation data platform contains powerful data cleansing tools that quickly identify, at the individual cell level, missing data, or data that is out of date, or in the wrong format. Data quality issues can have a significant impact on the quality of the final results for NLB Vita. The data quality tools are applied throughout the data consolidation, calculation and reporting process. They provide NLB Vita's managers with a solid foundation to streamline their data management throughout the Solvency II compliance process. They also help the insurer to meet the data quality requirements of the regulations.

The RiskIntegrity solution provides the calculations and parameters required by European Insurance and Occupational Pension Agency (EIOPA) to deliver Solvency II results for NLB Vita. It is seamlessly integrated into the RiskFoundation data platform. The figures cover cash flows, valuations, market indicators, and scenarios, across life and non-life risks, as well as credit, market and operational risks. The solution provides calculations across all the Solvency II requirements. These include the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) for Pillar I.

The formulas for calculating these figures are embedded within the application, to ensure accuracy and consistency. NLB Vita's management recognized that this approach could reduce the project risk for the company, as it eliminated the need for extensive application development and integration. Furthermore, these formulas are fully maintained, so that as the regulations evolve, NLB Vita's management can be confident that the business and the Solvency II regulations remain fully aligned.

The third element of the solution is the Regulatory Reporting Module. This module consolidates the calculations, and formats the results ready for submission to the regulator in the Extensible Business Reporting Language (XBRL) format. It captures the values required to populate the QRTs required by the AZN. Like the RiskFoundation data platform, and the RiskIntegrity solution, the Regulatory Reporting Module leverages automation extensively to reduce the time, cost and overhead of regulatory reporting. This approach enhances the consistency and accuracy of results submitted to both NLB Vita's senior management as well as AZN. The reporting module also utilizes maintained templates. As EIOPA or the AZN change their requirements, NLB Vita's management can be confident that their regulatory reports fully reflect the demands of the regulations.

NLB Vita now has a full automated Solvency II solution in place and in production. The templated, automated approach to implementation has enabled the insurer to meet the enhanced requirements of Solvency II. The 'out-of-the-box' approach to implementation allowed NLB Vita to use four members of staff, from the IT, Actuarial and Risk Management departments, to deliver the project on time.

Helping to Deliver Solvency II Compliance

A senior manager at NLB Vita said 'The RiskIntegrity solution from Moody's Analytics has helped us to develop our Solvency II strategy. We now have a solution in place to help deliver compliance. The RiskIntegrity solution has also helped us to have an enhanced perspective of the business. It has given us better insight into the business, so we can make better informed plans and grasp new opportunities to develop the business.'

ABOUT MOODY'S ANALYTICS

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By providing leading-edge software, advisory services, and research, including the proprietary analysis of Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges.

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