



Article

# Solvency II Product of the Year

DECEMBER 2019

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Moody's Analytics' RiskIntegrity Suite is an end-to-end regulatory risk and solvency solution with out-of-the box Solvency II standard formula and internal model capabilities.

The standard formula module supports the automation of processes to calculate and report group and solo solvency, and minimum capital requirements and risk margin, as defined under various global regulatory regimes. The calculation engine and regulatory datasets deliver regulatory methodologies and associated parameters covering stresses, formulas, correlation matrices and capital calculations.

The internal model module automates processes for calculating and reporting internal model regulatory capital

requirement under various global regulatory regimes, as well as managing internal economic capital. Analytics include smoothed and unsmoothed value-at-risk metrics, capital attribution and diversification analysis, capital distribution and risk factor analysis.

Moody's Analytics provides a range of scenario generation solutions, with specific packages of software, models and content to meet the business challenges of Solvency II preparation and compliance. Data management is optimised to gather, consolidate and quality-check the large, disparate sets of finance and risk data from various systems required for calculations and reporting. As a scalable, enterprise-wide solution, it allows users to manage risk and solvency business processes in a multi-user/multi-site environment.

In 2018, Moody's Analytics extended the RiskIntegrity Suite further with RiskIntegrity Insight, a configurable modelling and analytics platform that consolidates and projects financial and risk metrics under multiple regimes and what-if scenarios. It supports a range of insurers' needs, including stress- and scenario testing, capital budgeting and planning, own risk and solvency assessment, reconciliation and internal review.

More recent enhancements to the RiskIntegrity Suite include the ability to calculate loss given default for financial asset types such as derivatives at a smaller granularity than counterparty level for Solvency II standard formula. Enhancements to regulatory reporting have enabled clients to meet 2019 annual and quarterly submission commitments, including reports for Solvency II, financial stability, European Central Bank and public disclosure, as well as certain national specific templates.

The company works closely with clients to help them understand the subtleties of modelling, including calibration choices and their impact on liability projections. It is able to leverage its many years of experience in regulatory compliance and scenario generation, and combine this with state-of-the-art calibration tools, process management and model validation capabilities.

Judges said:

"Moody's continue to enhance its comprehensive Solvency II offering and maintain its position as benchmark software for this category."

“A solid product offering with significant improvements year on year. The tools are getting more flexible – as is the management of data. The products are used globally and are well supported by the company.”

Colin Holmes, managing director of insurance solutions at Moody's Analytics, says:

“Nearly four years after Solvency II implementation, insurers' priorities have changed significantly since this journey began. Moody's Analytics continues to work with customers to support them through regulatory change but, for many of our customers, attention is now focused more on effective management under Solvency II. In this vein, we are working with customers who wish to quickly and easily analyse the impact on Solvency II metrics of both external factors and management decisions – for example, when developing investment strategies. We are proud to support the industry's Solvency II requirements – and with International Financial Reporting Standard 17 introducing new challenges, we are excited by the opportunities that lie ahead.”

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