

Actuarial & Insurance Solutions

Finance Transformation Services



Introduction

The reinsurance industry continues to change at a rapid pace, driven by several market, regulatory and technology trends. Included in these trends are:

- An increase in tech-savvy, nimble InsurTech startups
- A shift in usability and scalability of technology, leveraging the benefits of a tech-stack without the burden of needing heavy teams to support
- Enhanced technology capable of handling larger volumes of data coupled with broader data collection efforts.
- Increasing partnerships that enable value extraction through collaboration and operating efficiencies (asset managers and reinsurers, banks and insurers)
- High, but falling interest rates
- Enhanced regulatory requirements requiring a deep understanding of collateral and capital requirements at a moment's notice.
- An investment market looking for better understanding and access to results.

These trends are leading to opportunities as well as threats for reinsurance companies and companies that embrace finance transformation as a “continuous cycle of improvement” will put themselves in a competitive position for growth. In this article we explore the role that finance transformation can play for a reinsurance company and unpack a variety of finance transformation themes and benefits.

What is finance transformation?

Finance transformation is about developing and configuring your organization to function optimally. Insurers often consider finance transformation in a much narrower context which limits its effectiveness. The appropriate program should consider the seven key functions below:



People and talent: it's not just about numbers. It's crucial to have the right people with the right skill set.



Processes: streamline financial processes by eliminating redundant activities, automating tasks and standardizing workflows. This will lead to more accurate and faster financial reporting and analysis.



Data: finance transformation puts analytics at the forefront and abundant and high-quality data is a pre-requisite.



Technology: Technology is a valuable accelerator for data platforming, improving the pace and control of results and forecasts, optimizing code and upskilling teams.



Fit for purpose service delivery model



Well-defined policies and procedures: better enables the right decisions to be made upfront with a better understanding of impacts of approaches.



A robust governance structure: ensures effective oversight.

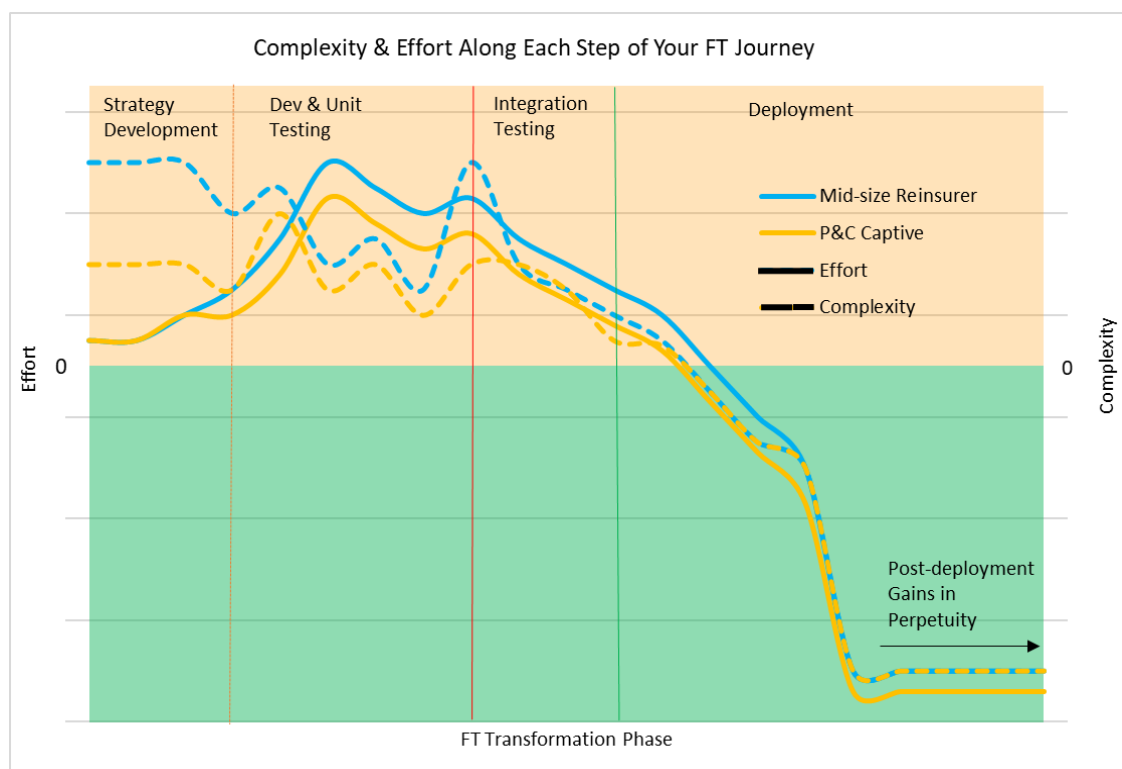
A finance transformation program is executed off the back of a finance transformation strategy. It is crucial that this strategy considers the needs of stakeholders so that it can best improve the competitive position of a/an (re)insurer, reduce future ongoing and development barriers and costs, improve the understanding of the current and future performance and resilience of the (re)insurer and re-purpose the time of highly skilled professionals.

For (re)insurers, the demands on data are significant. This is due to the volume and complexity of contracts, as well as the lenses that are put on reinsurance companies who need to demonstrate resilience and performance (sometimes under several bases depending on the audience), both in the recent past and looking forward.



Finance transformation is not a one-size-fits-all process, but there are trends and learnings that have emerged in the planning and execution of finance transformation work. We have illustrated a phase of finance transformation as one of these trends under two example archetypes. In practice, the finance transformation strategy should look across multiple phases of work to set up for and measure success.

1. An established mid-size established annuity reinsurer replatforming data and aligning their ALM and forecasting activities
2. A new P&C captive looking to set up a modern finance infrastructure



During and post-deployment, it should be noted that complexity and effort become negative as the efficiencies and gains from earlier losses of the FT wave begin to be felt. The efficiency gains continue into perpetuity.

Technology as an enabler

Advances in technology have bridged the gap between multiple disciplines, making it possible to bring these disciplines together in a way that was not possible with the prior generations of technology.

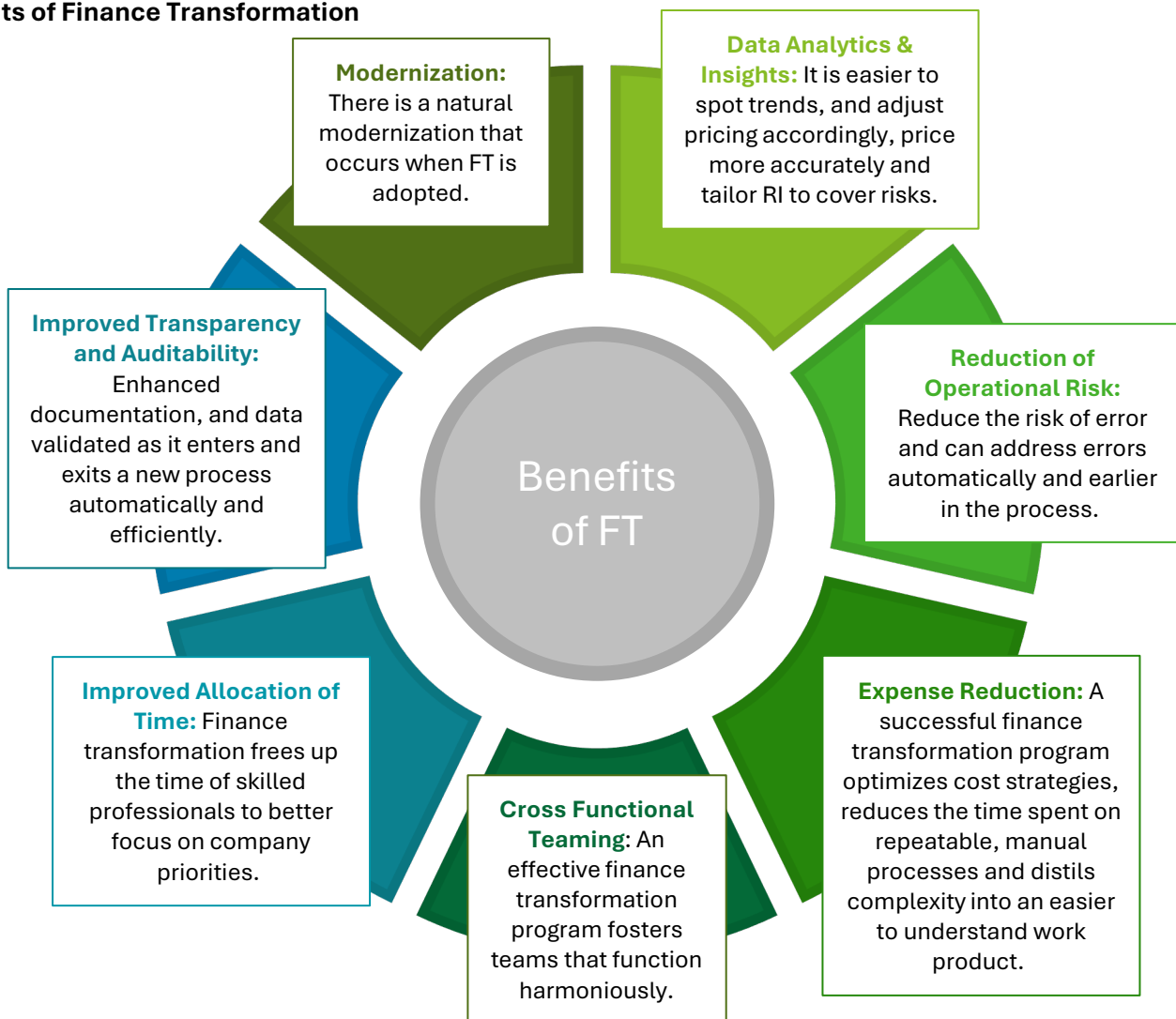
Recent innovations in lakehouse capabilities, integration with cloud providers (usually already embedded within (re)insurers), the appropriate use of AI and vendors and managed script solutions have recently come together to produce fertile ground for finance transformation, improving the controls, quality, speed and flexibility of the flows of data and processes run in-between. In our experience, technology shouldn't be seen as the solution in and of itself, but rather an enabler and accelerator where appropriate.

A market perspective

Many (re)insurers have modernization initiatives on the go. This will help reduce the gap but only forms a part of a finance transformation initiative.

We have worked with a range of (re)insurers who are reaping the benefits of running an effective finance transformation program. In many cases, the processes run by a subsidiary are different in places to the parent and this means a separate program that is aligned to the overall group strategy is appropriate. Our most impactful projects have been those where the strategy was set taking a broad range of perspectives into account from within the business, a well-designed data architecture was agreed, global insights and best practice were leveraged, and change was embraced by the company.

Benefits of Finance Transformation



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How can we help you

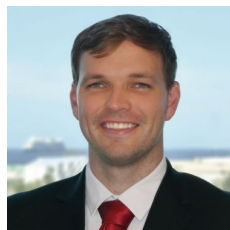
We have a dedicated team of professionals equipped with extensive experience in providing actuarial and consulting services to insurers and reinsurers and notably have experience as cross-functional leads across accounting, actuarial, finance and technology to provide well-considered finance transformation solutions. Having continued involvement and a network of experts that support our market, we have experience developing industry benchmarks and insights on the latest finance transformation developments.

From the initial gap assessment to final integration, we work seamlessly with you, ensuring that every aspect of your finance transformation journey is thoroughly evaluated and managed to build value and maximize your strategic goals.

Meet our team of dedicated professionals



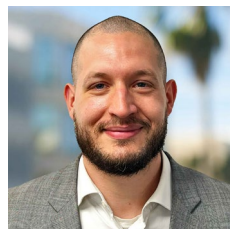
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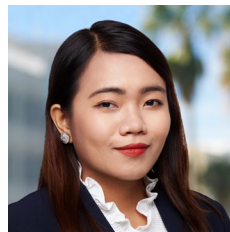
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