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# How to turn **Solvency II** compliance into a business improvement initiative

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# How to turn **Solvency II** compliance into a business improvement initiative

AUKE JAN HULSKER
Partner, Sofia Consulting

## ABOUT THE AUTHOR

Auke Jan Hulsker is a leading authority in implementing reporting and risk solutions for the financial services industry and an expert in helping insurance companies address Solvency II reporting requirements.

In 2012, Auke Jan designed and implemented the first fully integrated reporting environment for Solvency II, financial statements and management reporting at TVM Verzekeringen. The successful result at TVM led the way for many other Dutch insurance companies such as Menzis, DSW, Generali and ZLM to adopt Auke Jan's strategic vision on how to deal with the challenge of reporting Solvency II.

Today, Auke Jan is a frequent speaker at seminars and round table meetings on the topic of Solvency II.

>> European insurers face many issues that need to be resolved before adoption of Solvency II in 2016. A significant amount of work is needed between now and the end of 2015 to address preparedness across all three pillars, with pillar 3 requiring a significant amount of effort. Studies show that Dutch insurers are more advanced in preparing for Solvency II pillar 3 in comparison to their European peers. This paper provides a detailed overview of the experiences from several Dutch insurance companies in their preparations for reporting Solvency II. The paper documents how these insurance companies benefit from implementing a process that not only addresses Solvency II, but also prepares the organization for future reporting requirements as well.

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## ABSTRACT

European insurers face many issues that need to be resolved before adoption of Solvency II in 2016. A significant amount of work is needed between now and the end of 2015 to address preparedness across all three pillars, with action needed especially for pillar 3. Studies show that insurance companies in the Netherlands are comparatively ahead in preparing for Solvency II pillar 3. Other EU countries have the opportunity to learn from the experiences of Dutch insurance companies to use best practices and avoid the issues and challenges faced by others. A number of Dutch insurance companies already have put integrated systems in place to calculate Solvency Capital Requirement and disclose QRT's. This paper provides an overview of the experiences of some of these companies and documents how insurance companies benefit from implementing a process that not only addresses Solvency II but also prepares the organization for future requirements.

## PREFACE

Solvency II introduces a new, harmonised insurance regulatory regime to be implemented in all 27 EU member states. The goal of Solvency II is to establish a single regulatory framework to protect insurers' policyholders via adequate capital and consistent risk management standards.

The Solvency II framework covers three main areas, called pillars:

1. Pillar 1 covers the capability of an insurer to demonstrate it has adequate financial resources in place to meet all its liabilities. Pillar 1 consists of the quantitative requirements including the amount of capital an insurer should hold.

2. Pillar 2 defines requirements for the governance and risk management framework that identify and measure the risk against which capital must be held as well as for the effective supervision of insurers.

3. Pillar 3 focuses on disclosure, reporting and transparency requirements around these risks and capital requirements.

After years of political debates and discussions, the long-awaited implementation timeline for Solvency II has been finalized. Following an EU Parliament vote on the Omnibus II Directive on 11 March 2014, Solvency II will come into effect on 1 January 2016. With no further delays anticipated, the time is now to address the requirements to ensure that all issues are resolved before the deadline. Procrastination will prevent insurers from having the lead time to address unforeseen issues as the deadline approaches.

## THE CURRENT STATUS OF EU INSURERS IN PREPARING FOR SOLVENCY II

Insurers face many issues that need to be resolved before adoption of Solvency II. A significant amount of work is needed between now and January 2016 to address preparedness across all three pillars.

A European Solvency II Survey conducted by Ernst & Young[1] shows that preparedness particularly for pillar 3 remains relatively low and action is needed by companies to meet the requirements on time. The challenges of reporting and ensuring robust data and information technology (IT) remain very significant, and many companies have yet to sufficiently execute on this stage of readiness.

The majority of European insurance companies surveyed reveal that they have made limited progress or found the requirements across all three pillars more demanding than expected. Only Dutch insurers consider themselves to be well prepared and expect an implementation readiness date during 2015. In fact, more than 40% of Dutch respondents report that they already meet most or all of the requirements. In contrast, many French, Greek and German insurers are reporting an expected compliance date later than 1 January 2016.

Given the current status and level of preparedness, the reality for many insurers will be that the 2015 Solvency II interim reporting will need to be done largely on a manual basis. In 2016, the focus will be on more automated, robust and embedded solutions. However, given the data, process, control and IT challenges that many organizations still face, embedding the requirements into their reporting process within these time frames is likely to prove to be a demanding task. A "wait as long as possible" strategy is how many companies addressed XBRL requirements; scrambling to create a first manual submission and then automating the process. This strategy turned out to be more expensive, more time consuming, and less accurate than automating the process from the outset. Insurance companies should not make the same mistake with Solvency II compliance. Automate now to reduce cost and risk.

Since the Netherlands are relatively advanced in preparing for Solvency II, insurers in other EU countries have the opportunity to learn from the experiences of their Dutch peers. Many Dutch insurance companies have advanced or even finalised analysis and population of QRT's. In addition, a number of Dutch insurance companies have integrated systems in place to calculate Solvency Capital Requirement and disclose QRT's.

1 http://www.ey.com/GL/en/Industries/Financial-Services/Insurance/EY-european-solvency-ii-survey-2014

## THE CHALLENGES OF REPORTING SOLVENCY II

Implementing pillar 3 is a true challenge to many insurance companies. In less than one year, insurance companies must comply with Solvency II guidelines. In the end-state insurers have to calculate Solvency II capital requirement and produce QRT's quarterly, within five weeks after quarter end. Most insurers don't have an IT infrastructure, processes and governance in place that can meet this requirement or cope with the fluctuating demands of Solvency II.

Many insurance companies currently use Excel spreadsheets or a variety of separate tools to produce financial statements, including Solvency II QRT's.

A typical reporting environment looks like this:

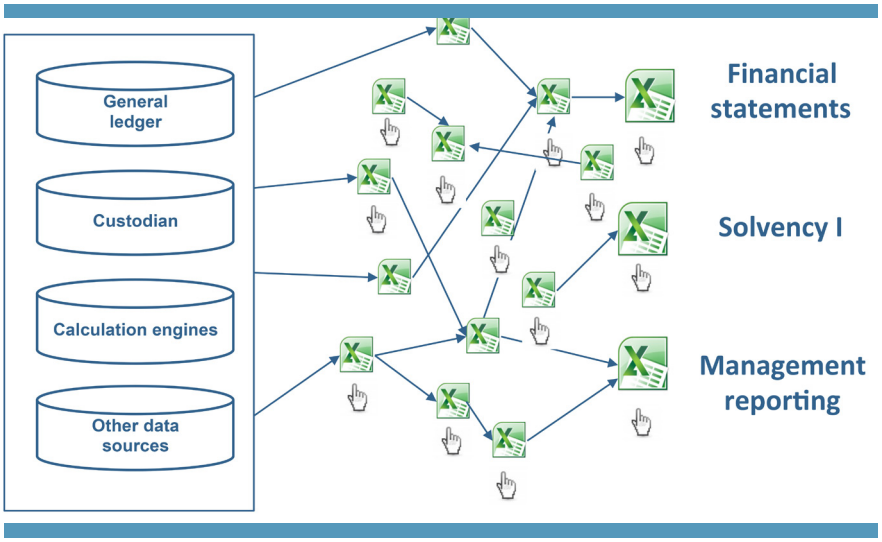



**FIG.1**
A typical current reporting environment

Many insurers address Solvency II requirements by creating yet another set of Excel workbooks. While some finance departments are able to manage current financial statement and Solvency I templates with a reporting environment like the one above, the limitations of reporting environments like this become a true burden when preparing for Solvency II.

The spreadsheets used to produce financial statements are typically poorly documented and unwieldy to manage. The many manual actions and corrections needed result in a time-consuming, error-prone closing cycle with limited controls and a hard to follow audit trail. Solvency II requires transparency and a full audit trail that Excel is not well suited to produce. Producing financial statements in Excel is often dependent on the knowledge of a few resources from the reporting department. This creates risk to the organization should those resources move on to other roles or leave the company.

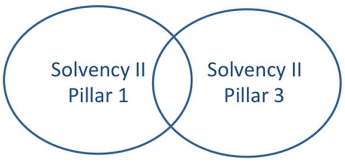
The challenge is clear: how does an insurance company transform a reporting environment focused on production of annual financial statements into one that reports quarterly Solvency II figures and meets all data quality and transparency requirements?

An additional challenge is ensuring consistency between Solvency II pillar 1 and pillar 3 data. There is an overlap in the data needed for pillar 1 and data to be reported in pillar 3. For instance, technical provisions, assets data and balance sheet data are reported in the QRT's, but also needed as source data to calculate shocks and SCR's in pillar 1.

**The key challenges for reporting Solvency II.**

*How to:*

- Address data quality requirements
- Meet tight reporting deadlines
- Safeguard consistency between pillar 1 and pillar 3
- Establish consistency between pillar 3 and non-Solvency II reporting
- Deliver data in the required XBRL format
- Combine required data from multiple sources
- Manage multi interpretable QRT data definitions
- Keep track of the changing Solvency II regulations
- Meet local Solvency II requirements

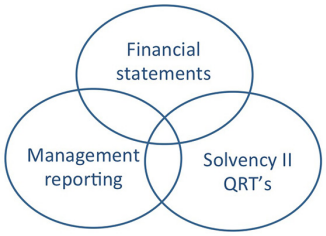



How to ensure data consistency between pillar 1 and pillar 3 ?

**FIG.2**
Overlap between pillar 1 and pillar 3

Many insurers calculate SCR's and report QRT's in different systems. Having different systems makes it difficult to safeguard data consistency. In addition, by managing pillar 1 and pillar 3 in different tools, the same data is typically replicated and maintained twice, adding additional work and risk to the process.

This is also the case for the data consistency between pillar 3 and other reporting, like regular financial statements and management reports. There is an overlap in the data between the different reports, which are often managed in different systems.




How to ensure overall data consistency?

**FIG.3**
Data overlap between Solvency II and other financial statements.

Another key challenge is how to deal with the often-changing pillar 1 and pillar 3 regulations. Since 2011, EIOPA has issued at least 4 major updates of the QRT's, including numerous changes to data definitions.
To date, the status of the QRT's is still "in consultation" and the technical specifications for calculating SCR have been subject to change. Also, the local country Solvency II requirements are not yet final. It can be cumbersome to keep track of changing and frequently multi-interpretable regulations, especially for small to mid-sized insurance companies.

In addition, the QRT's must be submitted to the local regulator in XBRL format. A transformation is necessary to convert Excel numbers into the technical format of XBRL for submission. Manual tagging is time consuming and resource intensive.

This is why we have been recommending to many of our insurance clients not to try to meet the Solvency II requirements with spreadsheets. Instead, we suggest incorporating Solvency II into an existing or new comprehensive financial reporting process. Otherwise, an insurer will be constantly expending manual effort to keep up with regulatory requirements which will introduce risk of error, potential of missed deadlines, and less time for more strategic

initiatives. Ultimately, how does an insurer transform a manual reporting process into an automated one that meets multiple reporting requirements, including but not limited to, Solvency II?

## IMPLEMENT A PRE-PACKAGED SOLUTION FOR SOLVENCY II

There are several pre-packaged solutions for Solvency II on the market. We recommend taking advantage of one of these solutions rather than developing a home-grown solution, attempting to meet the requirements in spreadsheets or completing the task manually.

At Sofia Consulting, after evaluating several solutions, we chose to work closely with Tagetik. Tagetik has developed a pre-packaged solution for Solvency II with built-in capabilities that cover the building blocks of Solvency II pillar one, two and three.

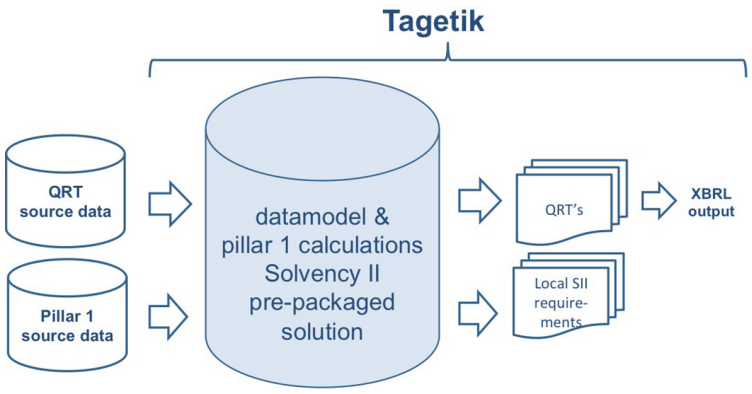



**FIG.4**
Solvency II pre-packaged solution.

Tagetik is not necessarily the only solution worth considering, but we recommend a similar reporting architecture for addressing Solvency II reporting.

Tagetik's pre-packaged solution for Solvency II is an out-of-the-box application consisting of a data model, reports, input schedules, validations, documentation and ETL processes used to upload source data and report QRT's.

The idea behind a pre-packed solution for Solvency II is simple: the specifications for the standard formula SCR, layout and data-checks of the QRT's and XBRL output are uniform for each insurance company. Thus, a vendor can configure and maintain its Solvency II application centrally, sharing updates that address new or revised standards or specifications. This prevents insurance companies from configuring and maintaining the QRT's and pillar 1 specifications themselves. This is a major time-savings and takes the responsibility of staying on top of requirements changes off the plate of the finance department.

2 http://www.tagetik.com/solutions/process/external-rep/solvency-ii

Some insurance companies prefer to do pillar 1 capital calculations and pillar 2 projections in a separate risk calculation engine, which makes sense if one is in place and there is confidence in the system. Many vendors claim to have Excel-based Solvency II solutions. Yet not many vendors have customers actually using a standardized Solvency II solution in production especially for pillar 3 reporting. Be sure to ask any vendor not only how many customers have purchased their solution, but also how many are actually using it. With a pending deadline at the end of 2015, it is not prudent to be one of the first to implement a new and unproven Solvency II solution.

## MAIN BENEFITS OF AUTOMATING SOLVENCY II

The main benefits of automating Solvency II revolve around automation and risk reduction. Insurance companies don't have to configure and maintain the QRT's and pillar 1 SCR specifications in separate tools; it can be automated in one place. Addressing Solvency II pillar 1, 2 and 3 from one place reduces cost and risk, saves time, and streamlines and shortens the reporting process. If the data for all pillars is stored in one secure database, there is full transparency and audit-trail of the figures reported, responsibility for the figures and capability to track changes. Strong solutions should also have pre-built validations, calculations and reporting to eliminate manual checks and balances. This allows for consistency between all three pillars, ensuring validation checks are automated. Furthermore, data that is re-used across the different pillars, like assets data, balance sheet data and technical provisions data, only has to be calculated, stored and disclosed once.

When the application is updated by the vendor, insurance companies don't have to worry about keeping the QRT's and pillar 1 SCR specifications up-to-date, which can save time and reduce risk, given the number changes EIOPA has published.

One of the key challenges of reporting Solvency II is managing data dependencies between the different QRT's. Systems that include a configurable workflow that guide end-users to execute all the steps (and importantly, in the right order) and allow monitoring the progress of the entire process add value especially to larger insurance companies that typically have a more complex Solvency II reporting process. Solutions that have built-in workflow help to accelerate the process, identify bottlenecks at an early stage, and isolate discrepancies that can be corrected without delaying the process.

There are a number of manual or point solutions for Solvency II focused on meeting the initial deadline, but many of these solutions do not drive any additional value. In contrast, a solution that is designed to meet Solvency II requirements and other reporting requirements can easily incorporate future regulatory or management requirements. This is essential in turning Solvency II compliance into a business improvement initiative rather than simply a compliance exercise. If you choose to invest in an application for automating Solvency II, be sure you can also use it to address additional current or future reporting requirements.

## HOW TO TAKE ON MORE THAN SOLVENCY II

The increasing financial and regulatory reporting requirements result in a heavy burden on insurance companies. With Solvency II, the burden has expanded greatly, which is forcing insurers to critically assess their overall reporting process.

Looking at the different kinds of reporting, the same source data is often needed for many different calculations and reporting requirements. Examples include assets data, general ledger data, detailed risk data and data on technical provisions. Such source data is not only used for Solvency II, but also for traditional financial statements, management reporting, budgeting, planning, forecasting, KPI's and other types of reporting.

Most insurance companies use a variety of separate tools (often including a large number of Excel spreadsheets) to manage the different processes: financial consolidation, budgeting and planning, QRT's, pillar 1 calculations, pillar 2 projections, annual financial statements, monthly management reporting and KPI reporting. The problem is that a variety of tools have to be managed and maintained separately, resulting in a high total-cost-of-ownership. Ensuring data consistency between different types of reporting is often a manual process that is labour-intensive, error-prone and prevents the finance staff from more strategic activities.

Insurance companies should use the Solvency II requirements for dual purposes: (1) to create a reporting architecture that enables them to meet the pending Solvency II deadline, and (2) serves as a way to meet other reporting requirements. This can reduce the overall cost and effort of the reporting process at a total cost that may not be much more than implementing a manual Solvency II reporting process. Below is an example of a reporting environment that addresses Solvency II and other reporting requirements in one place.

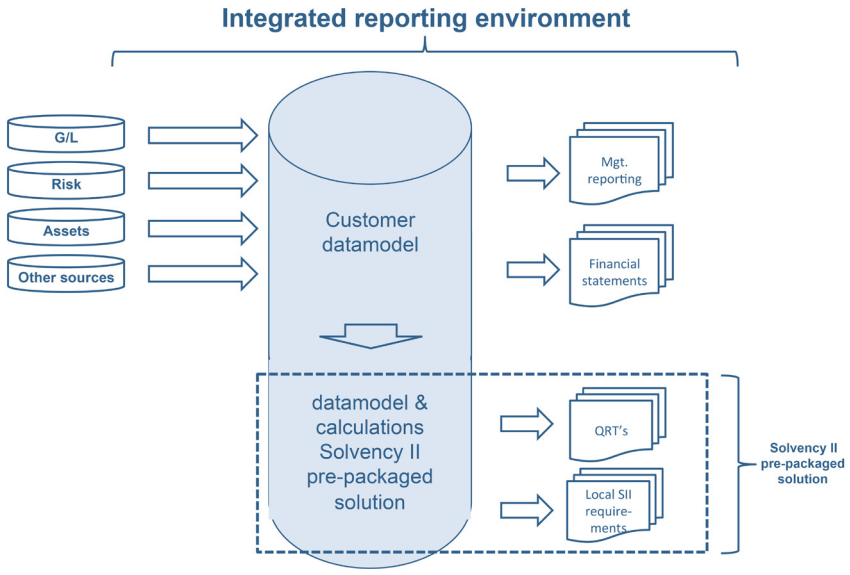



**FIG.5**
Integrated reporting environment.



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This is the reporting architecture Sofia Consulting has implemented at several insurance companies in the Netherlands[3].

Through our work with many insurance companies on Solvency II initiatives, we have defined an implementation approach for creating a reporting architecture and the prescribed steps necessary for successfully addressing Solvency II requirements. Dutch insurance companies like TVM, Menzis and DSW benefit greatly from the architecture above. They have been able to meet reporting requirements of Solvency II and realize a major overall improvement in their financial processes.

## A PROVEN IMPLEMENTATION APPROACH

The implementation of a reporting architecture for Solvency II requires four steps, outlined in the picture below. Following these steps helps insurance companies plan and execute the Solvency II requirements while generating additional value in other reporting areas.

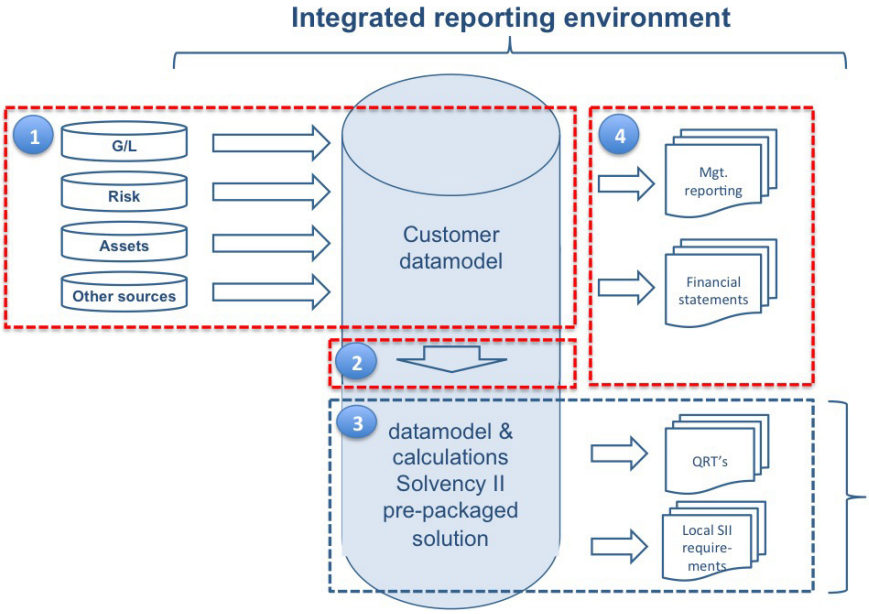


**FIG.6**
Implementing the integrated reporting environment in four steps

### Step 1. Configure customer data model and define source systems

In step 1, the customer data model is configured as data from the various source systems is identified and mapped into the application. The customer data model, consisting of the various dimensions and elements, is the foundation of the system. It is crucial to make the right design decisions here in order to populate QRT's, but also to develop a future-proof system rather than a solution limited to addressing only Solvency II requirements.

3 http://www.sofia-consulting.com/news/article/

Choices must be made regarding the level of granularity. Too much detail will have a negative impact on maintenance while too little will result in the system's inability to generate the reports with the required level of specificity. This is where best practices from our previous implementations are very important.

The result of step one is an application shell for Solvency II and additional reporting requirements.

### Step 2. Populate QRT's

In step 2, an ETL process is configured that enables the transfer of data needed for the QRT's. Mapping tables are built to enable populating QRT's and pillar 1 helper tabs. These mappings enable automated calculations and reporting.

### Step 3. Test SCR's, QRT's and reports for local Solvency II requirements

In step 3, the QRT's and SCR's are tested and test-results are documented. In the Tagetik solution, the QRT's, EIOPA data-checks and pillar 1 standard formula SCR calculations are included in the Solvency II pre-packaged solution. Apart from configuring additional non-EIOPA validations and some Solvency II workflow and narratives for the RSR and SFCR, little additional configuration is needed for Solvency II.

The main activities in this step include testing SCR's and QRT's (numbers, narratives and XBRL output), documenting test results and making and testing additional required configuration. Once the tests produce positive results, the SCR's and QRT's are ready to be calculated and reported while controls and audit trails are in place to eliminate manual production and validation.

### Step 4. Implement additional reporting requirements

In step 4, the reports and narratives of additional reporting requirements are configured. This allows an insurer to take advantage of the Solvency II initiative to automate other reporting requirements. Since the source data is already in the system and has been validated, the activities here consist of configuring additional report formats, possible additional validations, and report-specific workflow and narratives. The different reports, including narratives, do not have to be written manually, but are generated automatically within the solution. For example, the narratives for traditional financial statements can be easily incorporated into financial statements and other reports. The reports are produced and published from the same set of data in an auditable and controlled environment.

The strength of a reporting environment like this is that the system is easily extendable for additional functionality and requirements. A modular approach enables insurance companies to focus on the regulatory deadlines first. At a later stage, the company can extend the solution to address additional reporting requirements with low incremental cost.

## LESSONS LEARNED

1. A deep understanding of QRT's and availability of source data is crucial to a successful implementation of any solution for Solvency II.

2. Define clear acceptance criteria and determine which reference data to apply when testing QRT's and pillar 1 SCR's. In contrast to existing financial statements, much of the data reported in the QRT's is new, so established testing procedures may not be in place. Also think about how you will manage the testing of large volumes of data (especially in QRT Assets-D1). Do not underestimate how large these volumes can become. Ensure that whatever solution you choose can handle high volumes of data.

3. Include additional validations to safeguard data-consistency. The list of data-checks published by EIOPA is not complete. For instance, no checks have been published to validate consistency between pillar 1 and pillar 3. There are many more validations between the detailed list of Assets (QRT Assets-D1) and other QRT's (like the balance sheet QRT) than those published by EIOPA.

4. It is crucial to spend sufficient time on the design of a future-proof data model that meets the needs for Solvency II and beyond. Having to redesign the system at a later date will require more effort than time invested in setting up a thorough design at an early stage.

5. Take a team approach and ensure sufficient internal resources are available for the project. Participate in the design, build and testing of the application. With this approach you will ensure knowledge of your business is incorporated and you will be self-sufficient in maintaining the application in future. This will also reduce implementation cost.

6. Devise a realistic plan. It is important to prioritize what must be done from a regulatory perspective, and what can be done at a later stage. Keep in mind that your local regulator may allow a progression path to compliance. It is important to have a clear plan and one that shows demonstrable progress. Also, don't wait too long to begin or you will have to cut corners to make the deadline. The best advice: plan ahead, be realistic, and get started soon.

## CUSTOMER EXAMPLE MENZIS

Menzis is a Dutch health insurance company. With approximately 2,1 million customers, Menzis is the third largest health insurance company in the Netherlands with more than 2.500 employees and total revenues of EUR 5,5 billon (2013) and total assets of EUR 3,8 billion. Menzis has 20 legal entities, including four solo insurance companies and one insurance group.

Like many insurance companies, Menzis had significant work to do for Solvency II. No solution was in place for the Solvency II QRT's and the reliance on Excel was burdensome. The calculations for Solvency Capital Requirement (SCR) were done in Excel. The quarterly and annual financial statements were made with Excel. The numbers were copied manually from Excel to Word to prepare qualitative statements. Preparing quarterly and annual financial statements took considerable time and manual effort. Simply, it was inefficient to keep an audit-trail of changes in Excel.

Menzis realized that with the adoption of Solvency II, the limitations of its manual Excel and Word-based reporting environment would manifest and no longer be viable.

In early 2013, Menzis decided to replace its Excel-based reporting environment with a standardized CPM solution covering both its traditional and Solvency II reporting requirements. After a brief selection period, Menzis selected Tagetik to fill its needs.

Shortly thereafter, the implementation began with the following objectives:

- Timely compliance with Solvency II pillar 1 and pillar 3
- Create a one-version-of-the-truth reporting environment for Solvency II, annual and quarterly financial statements
- Reduce the number of Excel spreadsheets
- Improve quality of reporting processes
- Improve analysis
- Reduce high dependency on individual staff
- Improve stability and control measures of reporting processes

Since 2013 was two years before the first Solvency II QRT's were to be reported, Menzis decided to implement Tagetik for its regular quarterly and annual financial statements first followed by Solvency II. This resulted in the following high-level phases:


**FIG.7**
Project phases



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The project kicked off in April 2013 and was managed by an internal Menzis project manager. The configuration of Tagetik was largely done by staff from Menzis, with support from Tagetik and Sofia Consulting.

At the end of phase 1, Menzis had automated its quarterly financial statements and annual financial reports with Tagetik. All tables and narratives were reported with Tagetik. The reporting of 2013 annual figures with Tagetik deemed phase 1 a success.

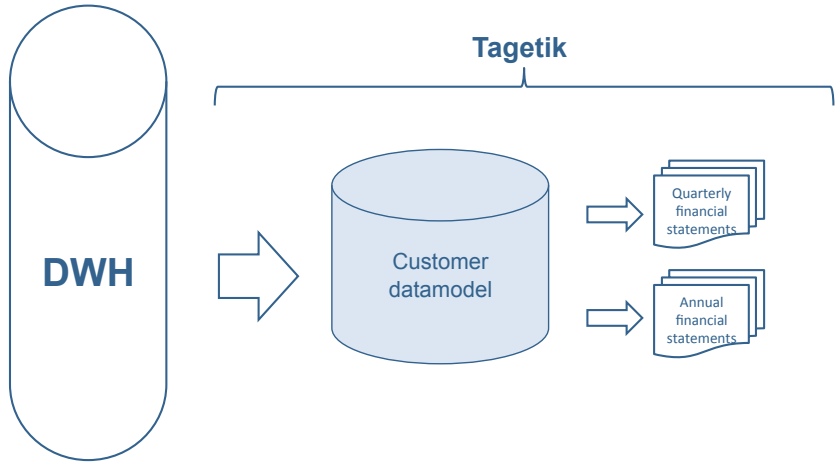


**FIG.8**
Architecture implemented at the end of phase 1

Key success factors in phase 1 of the implementation include taking sufficient time for a detailed design, eliminating the need for potential redesign later in the project. Another key-success factor was that Menzis configured the application largely themselves. This empowered staff to quickly develop knowledge of Tagetik while incorporating their knowledge of Menzis' processes into the solution.

In April 2014, after the 2013 annual closing process, phase 2 started. Menzis' main goal of the second phase was to implement Tagetik's pre-packaged Solvency II solution, and become compliant with the regulations of pillar 1 and pillar 3.

The pillar 1 calculations, QRT's, data-checks and Dutch local solvency II requirements were included in Tagetik's pre-packaged application and thus did not have to be configured. Two ETL's were configured (marked in between the red-dotted squares in the figure below). The first ETL transfered data from the Menzis Tagetik customer data model to the Tagetik Solvency II pre-packaged solution. The second ETL enabled transferring required Solvency II source data from the Menzis DWH directly to the Tagetik Solvency II pre-packaged solution.

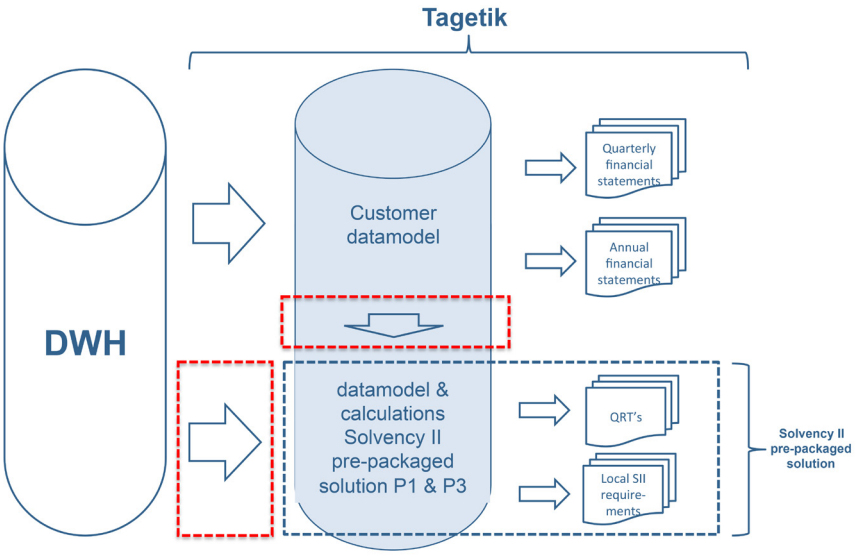


**FIG.9**
Architecture implemented at the end of phase 2

Other than configuration of the two ETL's and drafting mapping tables, the main activities in phase two consisted of testing and ensuring the numbers reported in the QRT's were correct and complete. The project team, supported by Sofia Consulting and Tagetik, implemented a test strategy that allowed Menzis to control the loading of large volumes of data and the testing of the QRT's and SCR calculations. To provide evidence of correctness and completeness of the numbers reported and meet audit requirements, the project team delivered detailed documentation of requirements, test strategy, test results and documentation that shows how the information flows through the system. Menzis' internal auditors have planned to review the documentation in 2015.

At the end of 2014, test results from Tagetik proved that 85% of the numbers in the QRT's part of the Solvency II interim measures were correct and complete. Next to finalize testing the interim reporting QRT's, Menzis has planned to implement the updated version of the full-measures QRT's published by EIOPA in December 2014.

> *"Tagetik helped us become compliant with the regulations of Solvency II and create one main source for reporting. The system enables us to control and manage the full process of (non-) financial and consolidated data from local GAAP to Solvency II, in a way consistent with our goals and principles"*
>
> Martin Hemmen, manager finance, Menzis

Key success factors in phase 2 of the implementation included first and foremost a deep understanding of QRT's, pillar 1 calculations and the availability of source data.

Another key success criterion was that Menzis allocated knowledgeable resources to the project. Resources that understand the relation between Solvency II pillar 1, pillar 3 with knowledge of the existing financial reports and source systems proved crucial to success in phase 2. Knowledgeable resources were critical for the design of the ETL, for drafting mapping tables and testing results.

Like many insurance companies, at Menzis the pressure on internal resources increased significantly due to the upcoming implementation of Solvency II. The same resources responsible for the reporting processes were needed for the Solvency II project as well. From a planning perspective it was crucial to prioritize. In the Netherlands, the Dutch Central Bank allows a growth path for Solvency II as long as an insurance company can show it has a plan and is progressing. Menzis was able to put the plan in place for essential requirements, but lower the priority for instance of implementing local Solvency II requirements.

At the end of phase 2, Menzis had implemented Tagetik to become compliant with the regulations of Solvency II pillar 1 and pillar 3. In addition, Menzis had achieved major improvements in its reporting processes. Financial reports are now generated from Tagetik instead of prepared manually with Excel. Data quality and transparency improved considerably. By automating processes, Menzis is no longer dependent on knowledge of people involved. That knowledge has been incorporated into the solution. The result is that Menzis has implemented a one-version-of-the-truth reporting environment, a fundament and future proof system ready and flexible to be extended for future requirements.

Menzis is investigating the possibilities to include additional functionalities to Tagetik. In addition to Solvency II, detailed costs and claims analyses, an important requirement to any non-life insurance company, is currently being investigated to implement in Tagetik.

Menzis and many other insurance companies have taken on the Solvency II requirements and turned the solution into much more than a basic compliance tool.  As the deadline approaches, it is encouraged that EU insurance companies look at Solvency II not just as a compliance burden, but as an opportunity to collaborate with each other, and share experiences and best practices to optimize the return on any investment made on Solvency II compliance.

## ABOUT SOFIA CONSULTING

Sofia Consulting (www.sofia-consulting.com) is a Dutch based consultancy company, specialised in the implementation of risk and reporting solutions for the financial services industry. The consultants of Sofia combine in-depth knowledge of Solvency II regulations with the experience of implementing CPM solutions. Sofia consulting has been actively involved in all of the implementations of Tagetik's Solvency II solution in the Netherlands and the UK.

Sofia Consulting has invented the uniform reporting architecture included in this paper enabling insurance companies to turn Solvency II compliance into a business improvement. During the implementations, Sofia Consulting has developed numerous best-practices including the standardized implementation approach for implementing Solvency II included in this paper.

## SOURCES


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