

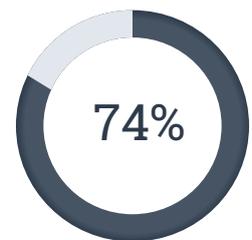


Aptitude Software  
**IFRS 17 Solution**

A strategic **finance solution** for insurers offering compliance, control and insight post-IFRS 17

'74% of insurers want to use IFRS 17 to improve or transform their finance architecture'

-KPMG, 'In it to win it'



'93% of global insurers feel that the benefits of adopting IFRS 17 will outweigh the cost of compliance despite significant spend expected'

-Deloitte, 2021 Countdown Underway'



"We believe our chosen approach ... will reinforce our position as a leading pan-Asian insurer. Aptitude Software's commitment to the Hong Kong and wider Asian market was highly valued and we were impressed by the amount of out of the box IFRS 17 specific intellectual properties (included)."

-Richard Poon, FWD Group Finance Director

# IFRS 17 requires insurers to reassess how they report financial results – this change requires fundamental changes in front to back processes across the industry.

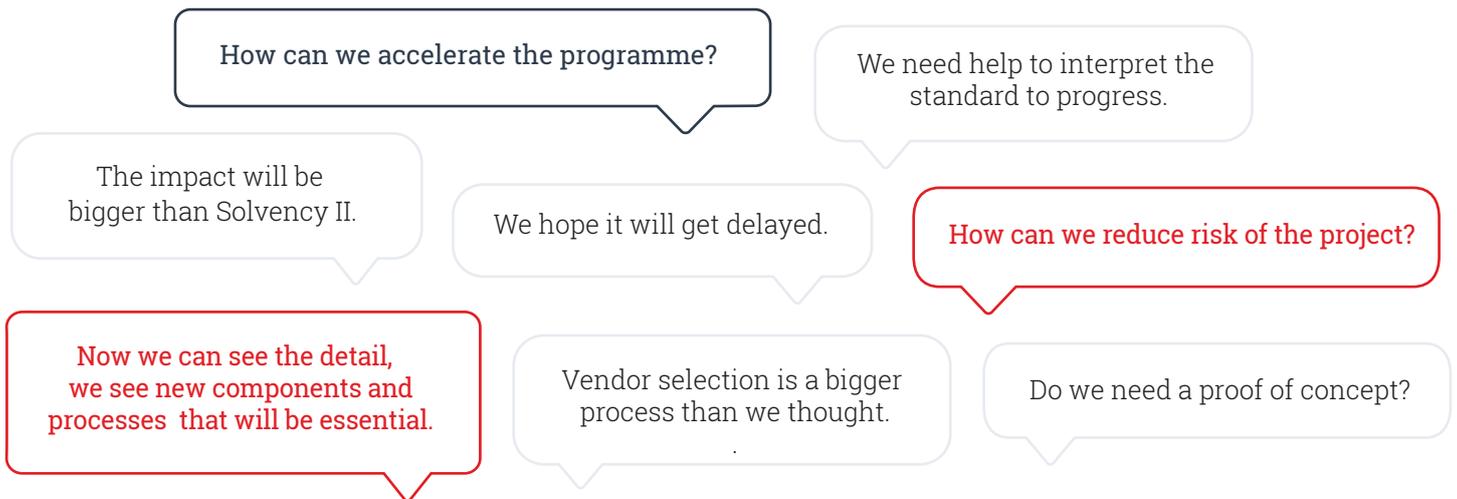
Insurers are facing a multitude of challenges, including changing customer expectations, emerging competition and pressures on margins.

**The complexity, cost and effort required by IFRS 17 is adding additional pressure to an industry that traditionally has under-invested in technology.**

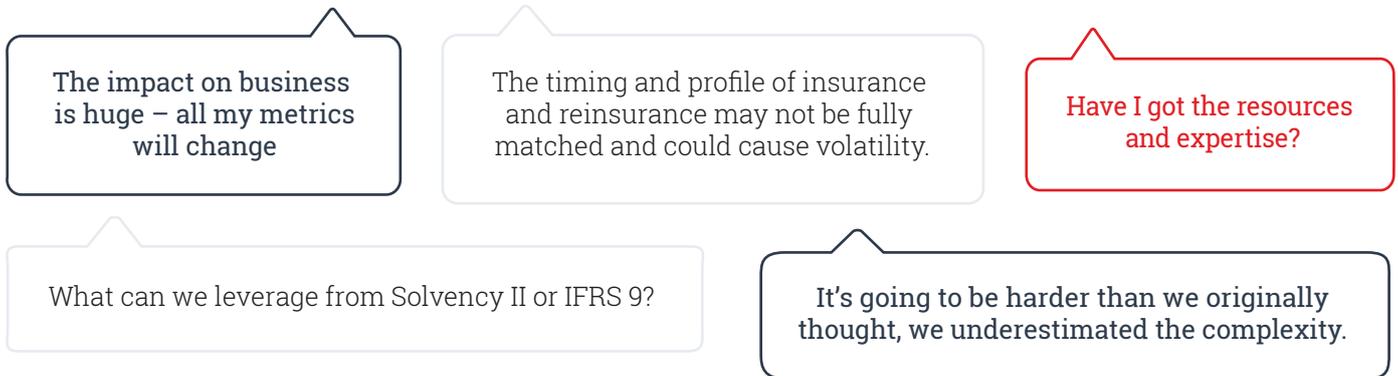
Complex, disparate, legacy systems are problematic and expensive to maintain and insurers are quickly realising that current systems are not going to be able to deliver the accounting and reporting requirements this new standard demands.

A thorough impact analysis, comprehensive data review and a project team that brings together actuarial and finance sides of the business, are essential to the success of a project – but this is just the start of a complex journey. As insurers move through the solution design and implementation phases of their IFRS 17 project they are uncovering additional complexities around the system landscape, reporting timetables, process sequencing and inter-team collaboration.

**Aptitude Software offers the most comprehensive IFRS 17 software solution available. It delivers the right data, sequencing and a centralized place for calculations, regulatory and operational reporting. It delivers benefits to both actuarial and finance departments.**



### What we hear from insurers



**IFRS 17 compliance is not a one-size fits all.** To ensure the best outcome you need:

A safe and guided journey to compliance	Aptitude Software has a clear and proven implementation methodology, guided by subject matter experts.
Solid commitment from all involved, including your software vendor	Aptitude Software are committed to IFRS 17 and have carried out many successful IFRS and US GAAP implementations of their software, globally.
Assurance that all stakeholders and their long-term requirements will be taken into account	Aptitude understand the implications of IFRS 17 on both actuarial and accounting departments – therefore our product is designed to bring long-term benefits to both.
To get started sooner rather than later	Aptitude already have IFRS 17 projects in progress in APAC, NA and EMEA – the lessons learned from these projects are invaluable for those starting their journey – none more so than the lesson to get started as soon as possible.

# Product Overview



The Aptitude IFRS 17 Solution is purpose built to enable insurers to comply efficiently with IFRS 17 requirements.

Aptitude's IFRS 17 Solution leverages proven, insurance-specific operational finance software which is already used in many global insurers. It has built in insurance data models and support, under-pinned by a high performance, scalable data storage model and subledger

It also has embedded IFRS 17 required processes, such as insurance contract portfolio management and P&L attribution. The solution integrates with existing actuarial and financial reporting environments, offering advantages for both teams.

The solution has support for all of the prescribed measurement approaches including General Measurement Model (GMM) Premium Allocation Approach (PAA) and the Variable Fee Approach (VFA), in support of the requirements of leading international insurance companies.

A subledger provides the structure and flexibility to solve many of the complex requirements of IFRS 17, including how to carry out multiple, parallel calculation, modelling and reporting activities at the same time.

## Aptitude's IFRS 17 Solution is optimized with IFRS and insurance expertise

- Built in calculations, business events and accounting processes
- Out of the box IFRS 17 accounting templates
- Insurance finance data model
- Best practice interpretations
- Robust, double entry subledger
- Parallel reporting capability
- Multi-GAAP reporting for IFRS
- Cloud platform support

**The solution has the ability to consolidate financial data from any source and manage Multi-GAAP reporting and calculations in one central system. This reduces complexity, provides finance departments with control and enables finance and actuarial teams to fully utilize finance data for strategic decision making. One solution to deliver business benefits that extend well beyond compliance.**

# Product Components



## IFRS 17 LIFECYCLE MODELS

Measurement Model (GMM)  
Premium Allocation Approach (PAA)  
Variable Fee Approach (VFA)  
Reinsurance: Ceded and Assumed



## MODEL VARIANTS

Contracts with Participating Features  
Contracts which are Non-Participating



## TRANSITION APPROACHES

Full Retrospective  
Modified Retrospective  
Limited Retrospective  
Fair Value Approach

## DATA



Extensive data standardization,  
consolidation and management  
Granular data  
Data for CSM Calculations  
CSM results over-time



## CSM ENGINE (GMM, PAA AND VFA)

CSM at inception  
CSM re-measurement  
Loss components  
Interest accretion on the CSM  
CSM adjustment, CSM Release



## SUBLEDDGER

Multi-entity  
Transparent and audited environment  
Adjustments  
Pre-configured IFRS 17 rules  
Multi-GAAP and multi-currency



## ANALYSIS

CSM Movement analysis  
Granular level data for reporting  
Group of contracts, entity level  
Automated disclosures



## AUTOMATION

Overall process orchestration  
Full audit trail  
Notifications



## DISCLOSURES

Opening to closing  
Support for regulatory disclosure  
Reconciliations



## DECISION SUPPORT

Simulation  
Forecasting  
Scenario analysis

# IFRS 17 Solution

The Aptitude IFRS 17 Solution encompasses insurance modules that have been established and proven in multiple global insurers.

The product can import and manage finance data from any source, at a massive scale

		
<b>Multiple Business Lines</b>	<b>Multiple Departments</b>	<b>Multiple Business Entities</b>
<ul style="list-style-type: none"> <li>- Policy</li> <li>- Claims</li> <li>- Commission</li> </ul>	<ul style="list-style-type: none"> <li>- Actuarial</li> <li>- Accounting</li> <li>- Customer</li> </ul>	<ul style="list-style-type: none"> <li>- Regional</li> <li>- Multi-GAAP</li> <li>- Currency</li> </ul>

It simplifies the most complex finance architectures, consolidates all finance data at a granular level. It is a centralized place for all accounting calculations and reporting – saving time, effort and cost

**Aptitude IFRS 17 Solution**


<div style="background-color: #2c3e50; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">Input Standardization</div> <div style="background-color: #2c3e50; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">Classification &amp; Calculation Engine</div> <div style="background-color: #34495e; color: white; padding: 5px; text-align: center;">Finance Data Repository</div>	<div style="background-color: #34495e; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">Accounting Engine</div> <div style="background-color: #34495e; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">Insurance Product Lifecycle Management</div> <div style="background-color: #34495e; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">IFRS Posting Patterns</div> <div style="background-color: #34495e; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">Accounting Subledger</div> <div style="background-color: #34495e; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">Disclosure Support</div> <div style="background-color: #34495e; color: white; padding: 5px; text-align: center;">Insurance Data Model</div>
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The shaded area is enriched with best practice insurance calculations, business events and processes. It enables compliance with faster and lower risk implementation.

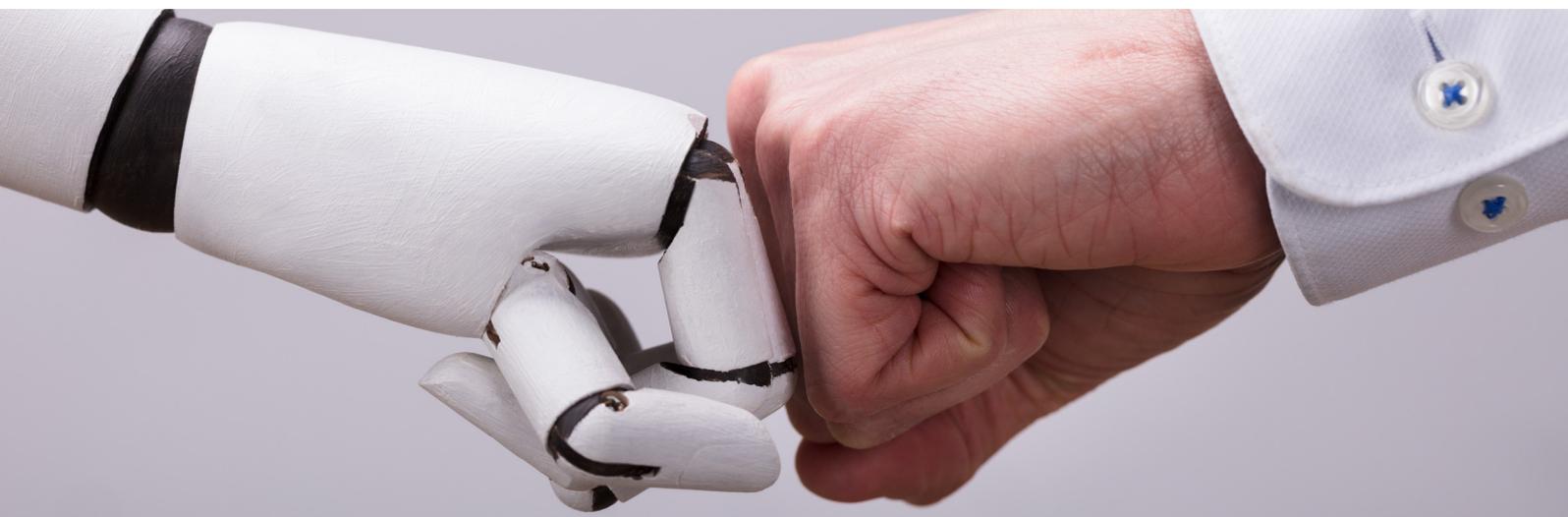
 <p>Advanced Analytics and BI tools</p>	 <p>General Ledger and Cloud General Ledger Distributed Ledger Technology</p>	 <p>Management Reporting</p>
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It produces finance accurate data at consolidated level to feed General Ledger and Management, Financial and Analytic Reporting whilst maintaining full line of sight to drill back to granular source data and provide visibility of assumptions, calculations, adjustments, rules, and transformation points within the data flows.

# Product Functionality

<b>Bundling/unbundling</b>	Aggregation or disaggregation of portfolios/policies, including separation of non-IFRS 17 components
<b>Initial measurement (profitable and onerous)</b>	Calculation of initial CSM for GMM/VFA and initial measurement based on cashflows/claims for PAA
<b>Grouping of contracts based on initial profitability</b>	Initial CSM calculation and allocation to cohorts/IFRS 17 groups
<b>Discounting</b>	Discounting of future expected cashflows based on given curve/rate
<b>Risk adjustments</b>	Application of risk adjustment to PV of future cashflows based on client-define rules (rate/curve/other)
<b>CSM accretion / unwind</b>	Accretion of CSM using "locked-in" rate and amortisation based either on client-provided coverage unit profile or other method (e.g. straight line)
<b>OCI vs P&amp;L</b>	Accounting policy choices supported via configurable posting patterns
<b>Reinsurance</b>	Full support for reinsurance treaties, including linkage to underlying direct contracts
<b>Investment components</b>	Accounting for non-distinct investments components to allow correct P&L attribution
<b>Ingestion of additional stochastic calculation results</b>	TVOG (for example) data consumption and amortisation (as required)
<b>Transition approaches</b>	All approaches supported based on available data, including Full Retrospective, Modified Retrospective and Fair Value
<b>Calculation configurability</b>	Optional points of entry into calculations
<b>Simulation and forecasting</b>	Full Simulation – end to end processing through calculation and accounting components ("sand-box" approach) Partial Simulation: financial impact processing from actuarial and other changes – preview of accounting
<b>VFA functionality</b>	Application of returns from participating contracts' assets, risk mitigation

# Benefits & Outcomes



Aptitude's IFRS 17 solution is the right choice for insurers wanting to achieve compliance and drive long-term business value from implementing the standard.

## Deliver IFRS 17 with Aptitude Software for:



### Control

Absolute financial control of accounting rules, processes. Comply with IFRS 17 with confidence.



### Agility

Account continuously, speed financial close, reduce manual adjustments.



### Data

Unlock value of finance data to provide actionable insights to the business.

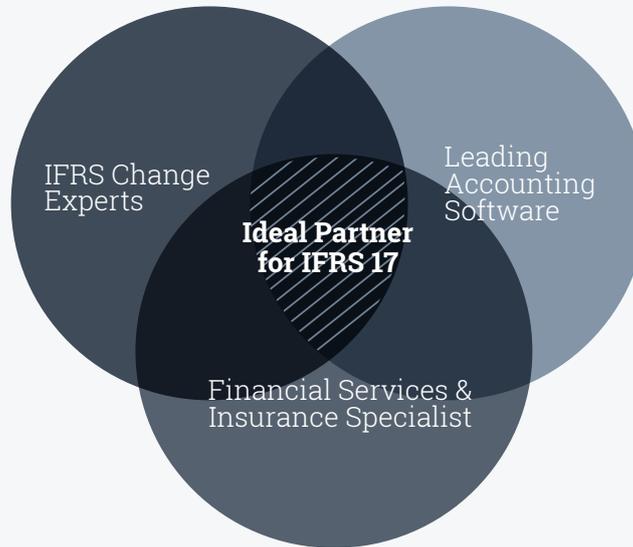
### Achieve full IFRS 17 compliance

- Rapid and smooth implementation
- Guidance throughout process, from industry experts
- Support with impact analysis, prioritization, sequencing and implementation

### Benefits beyond compliance

- Single view of financial positions across the organisation
- Granular, centralized and reliable data foundation for efficient accounting & analytics
- Transparency, for easier auditability
- Simplified finance architecture

# Why work with Aptitude Software



- ✓ **Insurance Expertise** – Insurance specific project accelerators including pre-configured IFRS 17 accounting templates and insurance finance data model.
- ✓ **Proven Success** – IFRS and US GAAP projects on a global scale. IFRS 17 projects in EMEA, NA and APAC.
- ✓ **Purpose Built** – Built for finance, by finance experts.
- ✓ **Flexible** – Deployable as SaaS or on premise.
- ✓ **Ecosystem For Success** – Vast global partner network, training, accreditation and centre of excellence.
- ✓ **Guidance** – IFRS expertise to guide you through sequencing and prioritising your IFRS 17 project.
- ✓ **Digital Finance** – Strategic approach to IFRS 17 sets data foundations for digital future.

## Aptitude serves some of the most tech-advanced insurers in the world.

“We are an international Life, Non-life and Reinsurance group with many different reporting bases. We started the IFRS 17 program in 2016 and quickly became aware of its complexities and far-reaching implications. We therefore designed an approach which aimed to use the significant investments required for IFRS 17 as the base to further upgrade our market value reporting environment.

This should support us in delivering better and faster information at significantly lower cost levels. The Aptitude Software IFRS 17 solution and partnership is one of the core elements to enable us in this endeavor.”

-Group Finance Director, International Insurance Group

# Summary

## **Aptitude's IFRS 17 Solution ensures your IFRS 17 investment and effort is strategic, provides long-term benefits beyond compliance and serves your organisation into the future.**

It incorporates everything required to become compliant with the new standard along with data consolidation and advanced accounting subledger capabilities, both crucial to finance transformation and digital finance enablement.

The IFRS 17 deadline is approaching and getting your compliance project and solution in motion now is essential to meeting the deadline. Get in touch to talk through how we can help from impact analysis through to compliance and a best in class finance department.

### **Additional resources**



IFRS 17 e-book resource

[View](#)



Link through to FWD case study

[View](#)

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### **Next Step**

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