Best operational risk management software:
Wolters Kluwer Financial Services

ONE OF Wolters Kluwer Financial Services' strengths when it comes to providing operational risk management software for the insurance sector is its experience in the banking sector. "We have strong experience with Basel II and Basel III on the operational risk component and capital modelling," says Todd Cooper, vice-president and general manager, enterprise risk compliance at Wolters Kluwer. "We have a deep knowledge of regulatory obligations. Other vendors are tech providers and don't have the same breadth of insurance coverage and capability and this is reflected in their systems," Cooper says.

Wolters Kluwer's enterprise risk management (ERM) system, ARC Logics, allows insurers to repurpose their operational risk management into an ERM system as required for Solvency II. Under Solvency II, insurers are tasked with creating an enterprise-wide risk management framework as well as generate timely and accurate reports of risk and capital information, and integrate risk management into their decision-making.

The ARC Logics tool measures, monitors and manages compliance risk, financial risk, operational risk and the audit process to provide a holistic view of op risk, compliance and corporate governance across the organisation. "Insurers' requirements are unique and we have had to marry our insurance expertise with our capital modelling and

Todd Cooper, Wolters Kluwer

operational risk management expertise to provide our Orsa [Own Risk and Solvency Assessment] solution," says Cooper.

One challenge insurers face is that for the first time, as a result of Solvency II, they will need to model op risk. "Insurers haven't previously modelled operational risk and that is an important part of our ERM package," Cooper says.

Wolters Kluwer provides consulting and professional services for building and developing these models. "We have PhD economists who can help clients build models, or clients can use their own models," says Cooper.

One of the main challenges for firms is automating the Orsa component of Solvency II. "The challenge is how to make sure you are getting accurate information that is repeatable, so that you understand your exposures and the data can be pushed into reporting capability," Cooper says. IR

Best regulatory reporting software:
Wolters Kluwer Financial Services

SOLVENCY II has introduced more than 60 reports that insurance firms must be responsible for filing, some of which present significant challenges based on size and differing data requirements. Wolters Kluwer Financial Services' Solvency II reporting solution provides a process for satisfying the entire directive's reporting requirements. The firm has built on the expertise it has developed in the banking sector.

"We have been in business for more than 21 years. We have well-established software in more than 2,000 institutions globally," says Kieran Leahy, vice-president of UK, Ireland, Middle East and Africa at Wolters Kluwer. "Solvency II is a similar reporting process to banking. The content may be different, but the process is the same. Our software is not brand new, we are leveraging software that we have developed over many years."

Wolters Kluwer's reporting software helps aggregate data, populating the reports with the appropriate information, while also maintaining the templates in line with regulatory changes through its regulatory update service.

The software provides a clear process for satisfying the entire directive's reporting requirements. This includes: the provision of quantitative reporting templates, the timely completion of reports with the relevant capital requirement data and accurate calculations for solvency capital requirements, minimum capital requirements and risk management.

The software can allow change from a standard approach to a partial or fully internal model approach at any time. It also includes data integrity checking and data reconciliation from various source systems, and the production and validation of the internal Orsa process is included in regulatory disclosure.

Leahy says the software's strength is its ability to provide a complete end-to-end reporting process, from initial data gathering to the production of the reports and automated delivery and storage. "What is unique is the industrial strength and proven capability of our software. We are experts in getting data from multiple sources, putting it through a process of identification, through data dictionaries and into our standard, global data model and then taking it through calculation and allocation engines depending on the reporting content."

Leahy says its competitors have focused on report production and delivery, whereas Wolters Kluwer's software also focuses on data. "For Solvency II we have taken the quarterly reporting templates and identified the type of data required and built the associated data dictionaries," he says. "You need to understand the data, validate it, make sure it is clean and produce audit trails and reconciliation. These are fundamental pieces of our software."

Developments the firm has made in 2012 include integrating its workflow engine into the Solvency II product and extending it to support solo and group reporting. IR