

ORSA projections with the new add-on to the SST from Addactis

With addactis® Celer(ity), insurance companies can optimise all risk management processes – from data preparation to visualisation of key figures – on a web-based platform. The innovative add-on to the standard model in accordance with the Swiss Solvency Test (SST) allows automatic implementation of projections of the business plan in the Own Risk and Solvency Assessment (ORSA) as shown in Fig. 1.

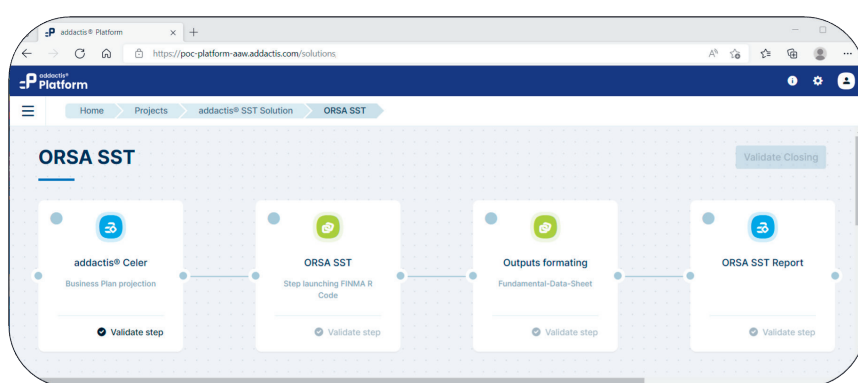


Fig. 1: Screenshot of the SST add-on – representation of the process

The starting point for the risk assessments is the statutory and market-consistent financial statement as of the reporting date. The asset and liability data are quantified to determine the solvency ratio according to the standard models of the Swiss Financial Market Supervisory Authority (FINMA). The market and credit risks are determined based on the standard SST template presented in addactis® Celer. In addition, the insurance-typical SST templates Nonlife, Life, Health, StandRe and Captive are integrated into the solution for estimation of the insurance risks.

The business plan is based on customer-specific assumptions for the development of premiums, claims and other costs as well as investments, which addactis® Celer considers in the form of deterministic expected values and/or stochastic random variables in the scenarios to be run. Since the projections of the statutory and market-consistent balance sheets are implemented in parallel, interactions between various items such as equity and risk-bearing capital can be detected, and the accounting effects dynamically controlled by means of definable rules. The projected cash flows in turn flow into the system-inherent asset liability management (ALM), resulting in (re)investments and/or disinvestments in accordance with the investment strategy stored in addactis® Celer. Subsequently, both the balance sheet and profit and loss accounts as well as the portfolio holdings are updated over the entire planning period, and the respective SST templates are filled with new input parameters for each scenario and planning year.



Volada AG
Volada AG was founded in 2016 in Zug, Switzerland and offers software and service solutions for the insurance and finance industries. Volada uses state-of-the-art methods to support its customers in optimising their business processes.

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The system then calls up the R-package provided by FINMA on its website, inputs the data from the SST templates and initiates the corresponding solvency calculations. The R-script produces the so-called Fundamental Data Sheet, from which addactis® Celer extracts the calculation results for the purpose of further treatment or SST and ORSA reporting. Optionally, the SST computations of FINMA can be partly or completely transferred into addactis® Celer and thereby also customised. In the process, addactis® Celer can be smoothly linked to existing systems, such as for managing the capital investments. In addition to transparent surveillance of the individual work steps, this solution also enables plausibility checks and monitoring of (interim) results and real-time analysis of risk values via dashboards. The management is thus able to immediately assess the effects of multi-year planning in the balance sheet and income statement, the economic risk situation and capital requirements.

The SST add-on was devised by Addactis in collaboration with Azenes / Volada. This successful cooperation will continue to pay off for clients in future, since regulatory requirements are constantly examined by Azenes / Volada and implemented by Addactis in the system in good time. Furthermore, customers can independently implement internal risk approaches, ALM and/or financial optimisation in addactis® Celer.

Addactis

addactis® is the global brand of actuarial and financial software and service solutions from Addactis Group. Present in 24 locations around the five continents, the company ensures effective and responsive support across Europe, Latin America, Asia-Pacific and Africa. About 500 clients worldwide in over 50 countries have already chosen addactis®.

www.addactis.com

Azenes

Azenes AG is a company specialising in actuarial consulting. Together with our affiliate Volada AG, we ensure well thought-out handling of regulatory requirements. We support clients in all regulatory issues relating to SST and Solvency II, from risk modelling to model assessment and customisation.

www.azenes.ch