



IFRS 17

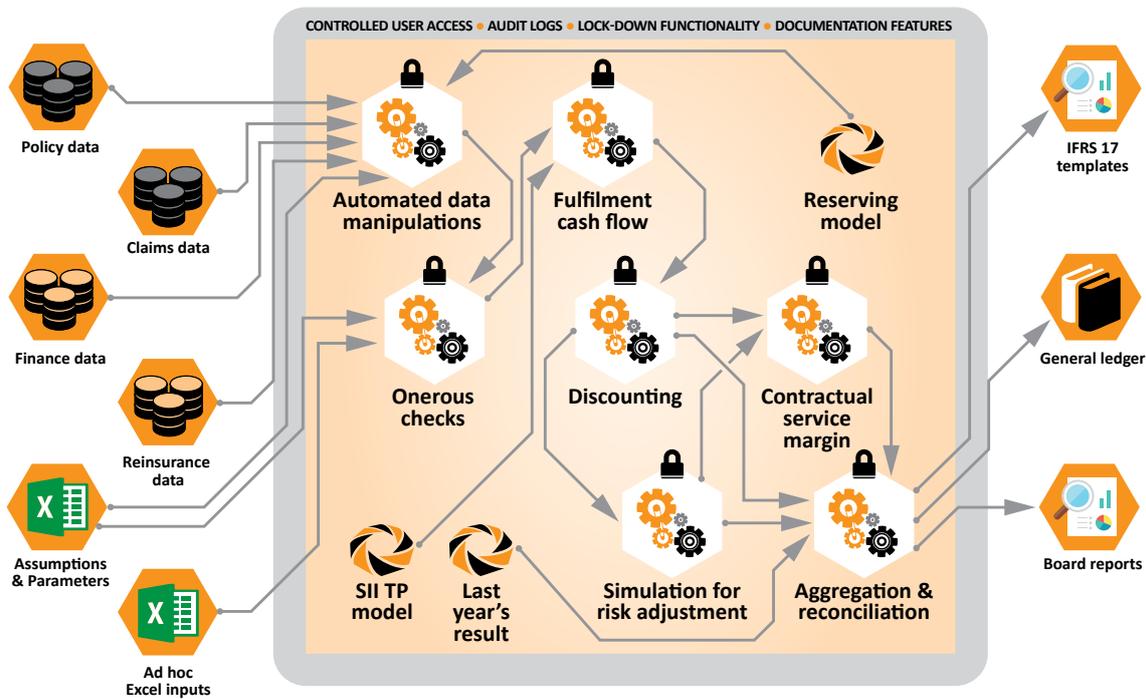
PSICLE[®] Factsheet

The introduction of IFRS 17 will pose several challenges to the insurance industry, including the upgrading of systems, incorporating an additional technical model into the business-as-usual process and complying with an additional regulatory regime. We strongly believe that business-critical financial models need to transition from being fragmented and opaque into an industrialised process. The Psicle platform is a feature-rich industrialisation platform which allows such models to be run fast and transparently in a well governed and auditable manner.

TECHNICAL CAPABILITY WITHIN PSICLE

Methodologies	Psicle supports the Building Block Approach (BBA), Premium Allocation Approach (PAA) and Variable Fee Approach (VFA).
Fulfilment Cashflows (FCF)	Psicle has a feature-rich cashflow and discount engine that can rapidly generate undiscounted and discounted results at any level of granularity, and keep track of discount rate assumptions used by cohort and group. Our integrations are explained overleaf, but where appropriate, cashflow engines can be shared across Solvency II and IFRS 17 to optimise the end-to-end modelling process.
Risk Adjustment (RA)	Psicle has Stochastic and Correlation engines to derive the RA using the VaR, TVaR and PHT methods, as well as the deterministic Cost of Capital method. Psicle's integration allows the FCF and RA to be modelled in the same process.
Onerousness Testing	Psicle can calculate the marginal impact on the diversified RA of writing a policy, which in combination with pricing assumptions can solve the Onerousness Test requirements. Psicle also supports more approximate methods.
Contractual Service Margin	Psicle integrates into existing data stores, and leverages them to automatically track the CSM by Group to produce the required reconciliation of accounts between valuation periods, as well as accurately model the release of profit.

Example IFRS 17 Model



INDUSTRIALISING YOUR IFRS 17 MODELLING IN PSICLE

Integrations into existing systems

Psicle integrates directly into your source systems and with your existing business processes. This allows a consistent source of data, assumptions, methodologies and results used across models, and ensures automated reconciliations are enforced. Further, we strongly believe that our clients should be operating consistent Solvency II and IFRS 17 models. Psicle also has a comprehensive Solvency II calculation and reporting engine, allowing users to operate both processes in the platform based on shared data and calculations, maximising efficiency and minimising risk.

IFRS 17 Reporting

Psicle has comprehensive reporting engines that allow users to automatically push output in various formats. This could include pushing results to data warehouses, bespoke reporting software, populating IFRS 17 specific reporting requirements and generating bespoke general ledger upload files. The automation of IFRS 17 specific reporting and reconciliation requirements will significantly reduce the time spent on low-value, resource intensive and expensive manual processes.

Governance & Auditability

Psicle has a comprehensive governance and audit control framework to ensure that your IFRS 17 model operates in a controlled environment. This includes specific user access rights, the ability to lock down data transformations and methodologies, to fully document judgements as you review your model, and a full audit log to see the complete history of changes made to your model and by each user. This is a significant change from the more ad-hoc modelling practices.

Infrastructure

A successful implementation of IFRS 17 will require more collaboration between departments than ever before. Psicle is a server-based platform that can be hosted physically or in the Cloud. Multiple users across an insurance firm can be working, monitoring and reviewing the same model simultaneously. In conjunction with our governance framework, our infrastructure allows IFRS 17 to be fully embedded into business processes. Furthermore, as the calculation engine is sitting on a physical or cloud server, the hardware can be scaled to achieve high-end performance.

Psicle® is a flexible, fit-for-purpose modelling environment with rich statistical, data management and audit functionality, providing a solution to the industrialisation of a wide variety of actuarial and financial modelling problems.

Please get in touch to find out more about our approach to the industrialisation of Reserving, IFRS 17, Solvency II, Underwriting, Machine Learning and Stochastic Modelling.