



SII Technical Provisions

PSICLE[®] Factsheet

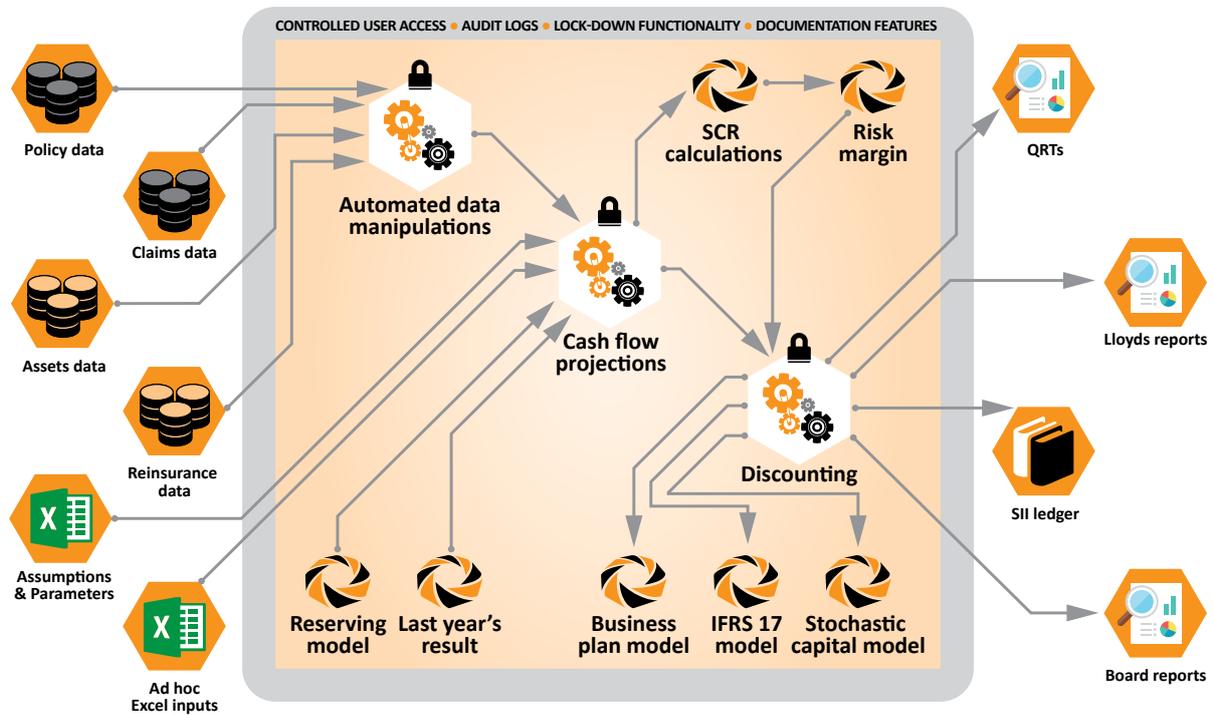
In our experience, the calculation of Solvency II Technical Provisions (TPs) is not complex, but presents a logistical challenge in managing the large volume of data generated, as well as the extensive reporting requirements.

With shortening regulatory deadlines and an increasing volume of modelling work (for example, with the introduction of IFRS 17), we are seeing the market increasingly look to technology to industrialise its business-critical financial models. Psicle's automation of Solvency II models converts the TP calculation from a fragile, time-consuming and opaque task to an automated, repeatable and auditable process, running in seconds rather than days.

TECHNICAL CAPABILITY WITHIN PSICLE

Methodologies	Whilst we do support templated solutions, Psicle is a flexible modelling environment which allows clients to define their own methodology. Our existing clients utilise a consistent model structure but apply customisation in methodology, largely around the calculation and cashflow approach of certain expense types and reinsurance.
Cashflows	Psicle has a feature rich cashflow and discount engine that can rapidly generate undiscounted and discounted results at any level of granularity. Our integrations are explained overleaf, however, where appropriate, cashflow engines can be shared across Solvency II and IFRS 17 to optimise the end-to-end modelling process.
Stochastic	Psicle has a rich stochastic engine, which can be instantly leveraged to model elements of your TPs that require simulation to derive the best estimate provision.
Risk Margin	Psicle's modelling suite includes a Standard Formula engine, which has a series of pre-built risk margin methodologies, including accurate projections of future SCRs, approximate projections using the TP run-off with decay factors, or a bespoke run-off pattern. As discussed overleaf, Psicle has automated reporting, which can combine the Best Estimate TP and Risk Margin.

Example Technical Provisions Model



INDUSTRIALISING YOUR SOLVENCY II MODELLING IN PSICLE

Intergrations

Psicle integrates directly into source systems and with existing business processes. For Solvency II, this includes automated 'pulls' from policy admin systems, from finance data stores as well as the reserving process, and 'pushes' of results to general ledgers and Pillar III reporting systems. Further, our TP solution directly interfaces with other Psicle models, such as actuarial reserving, IFRS 17 reserving or the Standard Formula to provide a true end-to-end modelling framework.

Reporting

Psicle has comprehensive reporting engines that allow users to automatically push output in various formats. For Solvency II, we automatically generate a suite of annual QRT forms in Excel for validation, as well as full automation of Lloyd's reporting requirements such as the ASRs, QSRs and TPD forms.

Governance & Auditability

Solvency II has dramatically increased the governance required around the solvency reporting process. Psicle has a comprehensive integrated governance framework, which ensures that adequate controls are in place. This includes user access rights, locking down data transformations and methodologies, documentation of Expert Judgements in the model and a full audit log, including a complete history of changes made to each model by each user. Using Psicle ensures that governance is not an afterthought, but rather a core integrated part of the modelling process.

Infrastructure

Psicle is a server-based platform that can be hosted locally or in the cloud. Multiple users across different teams can collaborate on the same model simultaneously. In conjunction with our governance framework, our infrastructure allows Solvency II to be fully embedded within business processes. Being server-based, 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.

