mbe consulting

CASE STUDY

Reengineering Project Boosts Quality of Reinsurer's Economic Valuation Process

CHALLENGE

The actuarial department of a prominent reinsurer was facing significant challenges in meeting its quarterly valuation deadlines. Recognising the need for improvement, the client enlisted the expertise of MBE Consulting in a swift and targeted project. The primary objective was to enhance the client's Economic Valuation (EV) processes.

The client's EV team generates essential market-consistent economic value figures for management and public reporting. However, increased demands and a manual workflow led to operational inefficiencies. Meeting deadlines became challenging, necessitating last-minute adjustments. The EV team sought to address future challenges, particularly aligning with early Solvency II deadlines, which demanded careful planning and timely execution.

APPROACH

MBE identified the EV operational issues and initiated a reengineering project with five key elements:

1. Enhancing data and assumption collection from multiple systems feeding into EV.
2. Establishing a streamlined timetable for EV number generation processes.
3. Updating the system to accommodate quarterly projections, as the original system was designed only for annual figures.
4. Developing efficient output tools for standardised figure analysis, improving the overall analysis quality.
5. Concurrently migrating actuarial models from legacy systems to the modelling platform, considering their crucial role in the EV process, warranting similar reengineering efforts.

RESULTS

The project achieved shorter modelling times and fewer late adjustments while fostering a culture of communication and continuous improvement. Subsequently, management received improved information quality. The annual results production timetable was reduced from nine to six weeks. Actions before the critical period, data exchange automation and database implementation contributed to this progress. The outcome of the project meant the client was now meeting deadlines, cutting overtime during critical periods and being able to dedicate more time to results analyses. EV analysis reports now provide more detail and explanations, and the occurrence of late adjustments fell from six to two over the course of a year.

AT A GLANCE

Challenges

- Struggling to meet quarterly valuation deadlines.
- Increased demands on EV team leading to inefficiencies.
- Unable to meet deadlines necessitating last-minute adjustments.

Results

- Reduced modelling times.
- Annual results reporting reduced from nine to six weeks.
- EV analysis reports providing much greater detail.
- Occurrence of late adjustments reduced from six to two.

> The basic discipline and philosophy that MBE helped introduce is one we want to keep. MBE brought technical knowledge of modelling and a big emphasis on process. If you can’t change your tasks or your tools, you can still do an awful lot by looking at each step in your process.
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> Head of Life and Actuarial