



LDTI changes : Technological aspect

Pratik Gupta, KPMG
Daniel Dvorin, EY

ASNY Annual Meeting

Monday, November 25, 2019



Top client questions

1

How do I tell my story?

2

Are my existing financial and actuarial systems sufficient?

3

New models and data: Adapt, build or partner?

4

How will roles and responsibilities in my organization change?

5

Is there anything else I can fix while I'm at it?

6

How badly will this impact other initiatives?

7

How do I utilize internal and external resources?

8

Isn't it just a compliance exercise?

9

How much should I budget?



Direct impact on technology



Indirect impact on technology

Technology impact

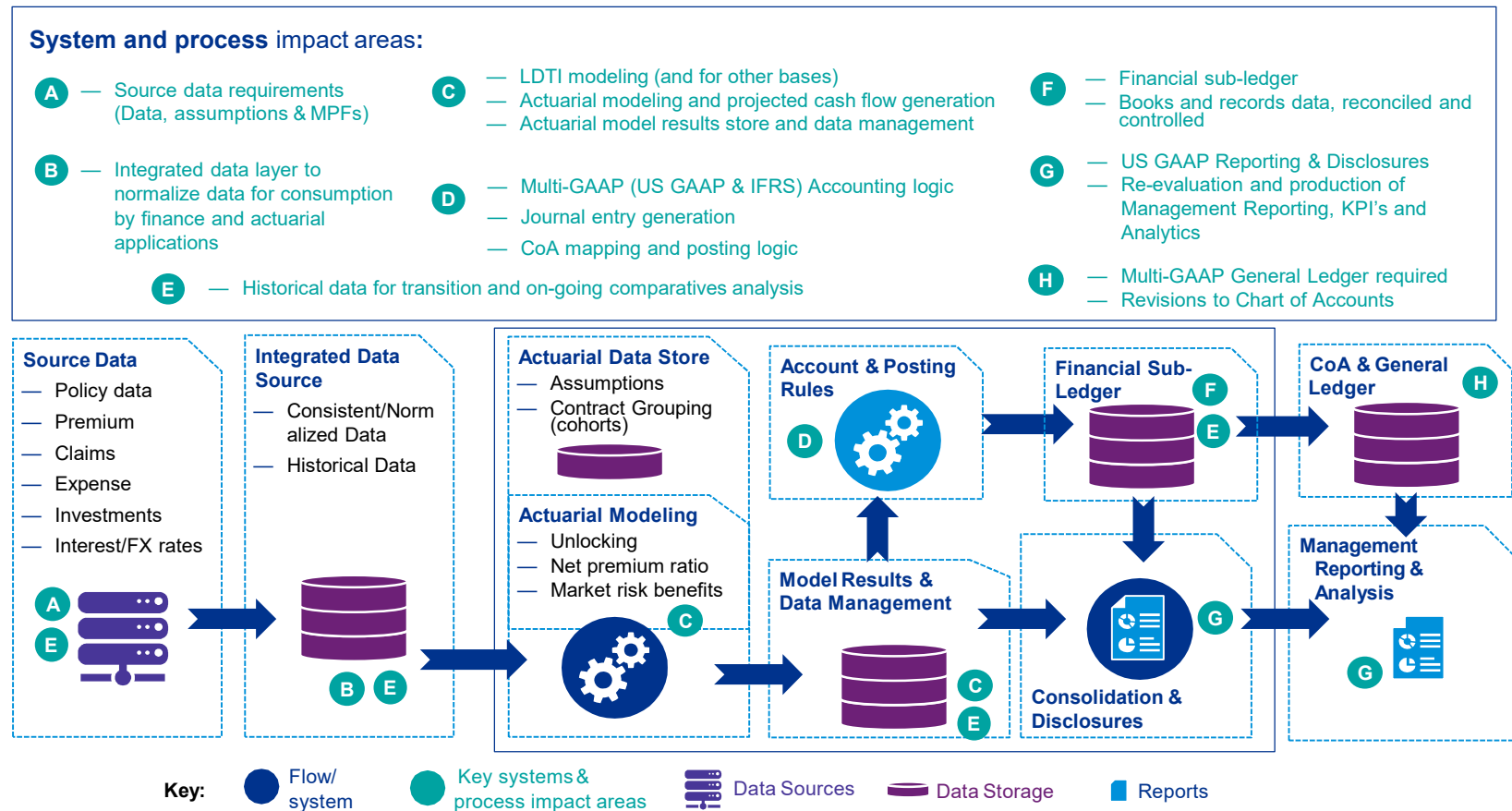
- Systems
 - Actuarial
 - Accounting rules engines
 - Aggregation and reporting
- Data
- Process
- Controls
- Reporting
- Ledger/bookings
- Operating models (who does what)
- Business/org change management
- In-flight initiatives

Market overview – Critical capabilities

Higher impact area	Higher impact area		Higher impact area
Transaction data/sourcing detail	Actuarial platform	Accounting platform	Reporting & analysis platform
<ul style="list-style-type: none"> — Common data collection template — Granularity — Policy/Claims Linkage — Grouping/Cohort Linkage — Location/Entity Linkage — Level of Aggregation - Data Collection & Delivery — Country/Consolidated Data Store — Comprehensive Data Governance and Control Framework 	<ul style="list-style-type: none"> — Actuarial Calculations (Configurable) <ul style="list-style-type: none"> - Measurement Methods - Calculation Models - Discounting Cash Flows - Best Estimate Assumptions & Experience Analysis - Sensitivity — Level of Aggregation – Data Collection & Delivery — Model Results Data Store 	<ul style="list-style-type: none"> — Accounting Calculations (Configurable) — Accounting and Disclosure Data — Acquisition Cost/Allocation — Accounting Rules/JE Generation — Mapping/Posting Rules — Financial Controls and Reconciliations — Sub-ledger — Multi-GAAP Enabled General Ledger — Multi-GAAP Enabled Close 	<ul style="list-style-type: none"> — Granularity — Presentation — Period over Period Change — Disclosures and roll forwards — Management Commentary — Solvency and Tax Reporting — Review and Sign-Off (Workflow) — Solvency and Tax Reporting, Management Reporting, Analytics & Analysis of Change
Data Governance/Hierarchy Management, Data Management, Data Quality & Reconciliations			
<ul style="list-style-type: none"> — Standard source of data and controls — Auditability and detailed lineage based on materiality 		<ul style="list-style-type: none"> — Alignment with data standards and hierarchy rules — Data quality and reliability across accounting bases 	

Key end-to-end impacts

The implementation of U.S.-GAAP LDTI impacts the end-to-end process from sourcing of data through financial reporting and analytics. The degree of impact varies across the different process components and not all would require an application change.



Data requirements and challenges

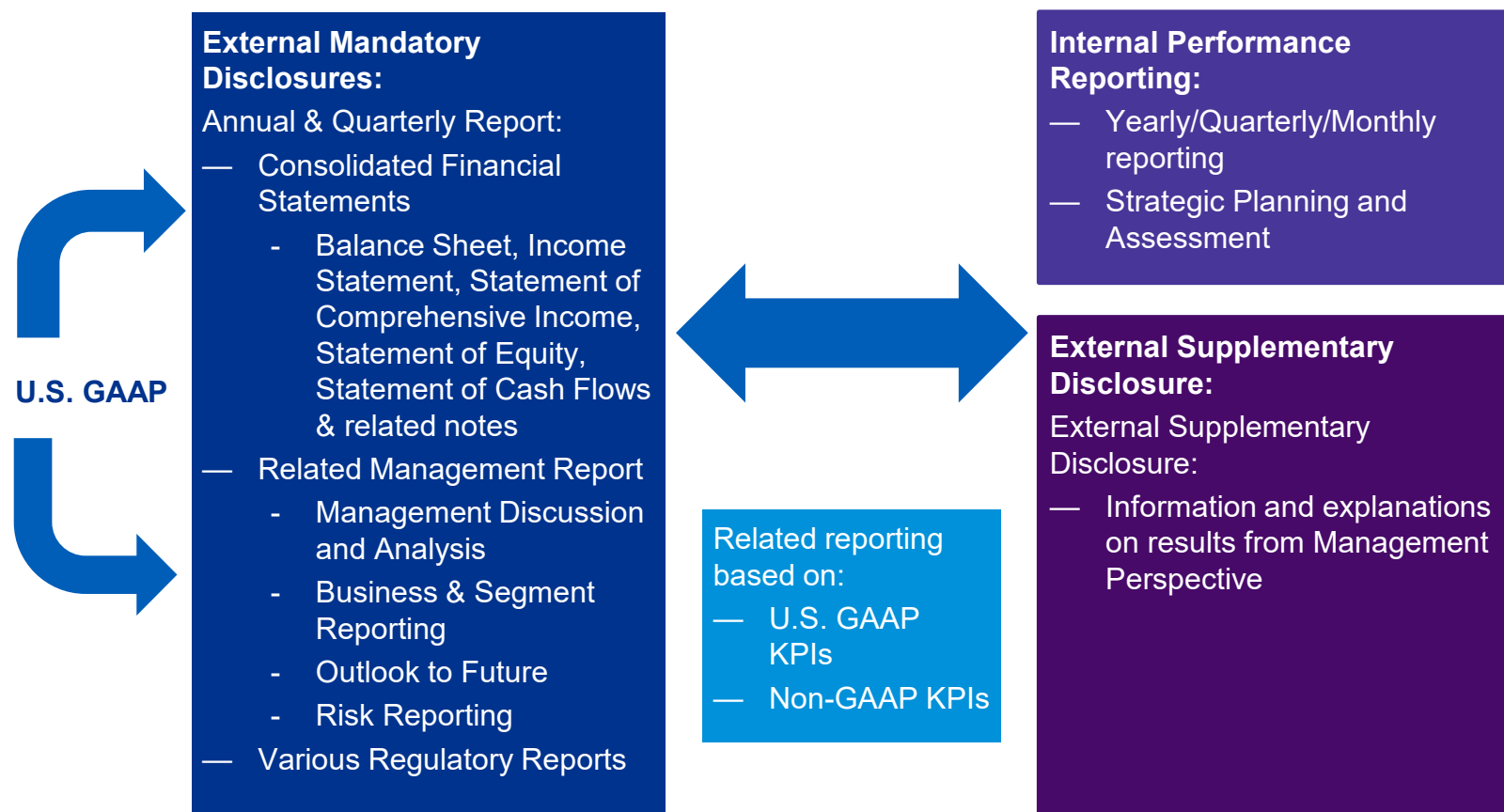
What types of data are required?

- Policy
- Premiums
- Expenses
- Claims
- Interest rates
- Other assumptions
- FX rates (possibly)
- Projected cash flows (premium, loss, expenses)
- Projected cash flows (market risk benefits)
- Reference data

What are the challenges?

- Historical Data
- Retention requirements
- Additional data
- Financial controls
- Timeliness
- Aggregation/formats
- Balance between strategic and tactical

Pillars of performance reporting



Insights into performance, risks, capital and the evolving business environment



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. NDPPS 887476

The KPMG name and logo are registered trademarks or trademarks of KPMG International.