

White Paper

# Is complexity blocking your view of insurance risk?

Unlock understanding of  
your exposure and help  
your insurance firm's  
finances work harder





## Can you fully see what risks you're facing?

Risk management is critical to the financial success of insurance companies. As money flows into firms to pay for premiums and out again to settle claims, actuaries and risk managers play a key role in pricing the risks being covered, turning a profit from policies – and making sure enough capital is kept in reserve.

There's a lot of knowledge for actuaries to gather on policyholders, their likelihood of making a claim and the external forces that increase that probability, from geopolitical events and extreme weather to threats to global health and economic stability. There are new risks, such as climate change and cyber vulnerability, to manage. And with evolving regulations and fresh competition from the latest market entrants, the pace of change in the insurance industry makes risk management a more difficult job than ever.

For actuarial modeling and risk management operations, one byproduct of change is overcomplication. Insurers' technology setups have typically fragmented over time, as firms bolt on new systems to meet different requirements. Then when these systems can't talk to one another, as is often the case, manual workarounds plug the gaps and complicate processes further.

Macroeconomic change, geopolitical conflicts and climate risks are already making the outside world complex enough and putting insurers' margins and solvency under pressure. To fully see the risks you're facing and get your firm's money working harder, you must get your internal risk management operations in order.

### **There are simpler ways to manage risk and maximize money**

Regulatory obligations and interdependent risks are making risk models more complex and demanding. So, you need to make modeling and reporting processes simpler to manage.

But you also need to know the impact of every risk and regulation on your specific insurance business, with all its complexities and nuances, and your ability to put money to work.

What's standing in your way?

Let's explore the three key challenges that are disrupting today's actuarial operations and can prevent insurers from understanding, managing and mitigating their risks and getting more from their money.



# 1. Risk is relentless – and boundless

From actuarial risks to emerging risks like climate change, risks come thick, fast and from all angles for insurance companies. You need accurate insight to help you model and manage your exposure.

You can't know your risks if you don't see them. So, it makes sense that 38% of financial services firms and 37% of corporates say that improving transparency has the highest impact on their risk profiles, according to the 2024 FIS® Global Innovation Research.

But siloed legacy systems, manual processes and chaotic data management can stop you from getting a complete view of all the risks you face – the visibility you need to manage your assets, liabilities and capital effectively and make your firm's money work harder.

And not all risk management solutions will cover the regions where you operate or cater to every possible line of insurance business – from life, health and general/property and casualty (P&C) insurance to pensions and annuities.

## Cover all your risk requirements


Whatever the size, shape and focus of your business, you must be able to monitor, manage and mitigate all your risks in all your regions.

Modern risk management technology on a single platform will help you consolidate your data into a holistic view of risk, and automate and simplify complex modeling, statutory reporting and data processing tasks.

Continuously updated libraries for different countries, regions and risks will take care of your calculations, too. Now you not only get the confidence to manage every risk that faces your business, but also free up time for the analytical work that helps get money working harder.

However, there are security risks to manage, too. Whether you run your software on-premise or in the cloud, keeping it secure from cyberthreats is a complex challenge – one that your in-house IT team may lack the time, expertise and resources to solve.

So, you need a software provider you can trust to invest heavily in security and digital operational resilience – and carry out penetration tests, checks for vulnerabilities and compliance audits on your behalf. You need a vendor that puts the security of your data and systems at the heart of everything they do – backed by a multidisciplinary team of experts that can meet your most complex technical and business requirements for risk management, too.



When risks are complex, the latest technology simplifies risk management. With automated data processing and calculations, get a complete view of your risks so you can mitigate every impact and maximize your margins.

## 2. Regulatory data needs reporting

Insurers are constantly navigating a complex regulatory landscape. Depending on where you're based, your firm may be subject to the accounting standards of IFRS 17 or U.S. GAAP LDTI, or the risk-based capital rules of Solvency II, KICS, ICS, C-ROSS or other regional requirements. But can you effectively model, manage and report on every rule that applies to you globally?

Without the latest technology, you may struggle to access the data and gather the knowledge that is so critical to achieving compliance. You're likely to spend more time collecting and validating data points – and manually filling out reports – than focusing on what really matters: risk analysis and decision making.

### Stay on top of compliance

Highly automated, cloud-based risk management solutions can help you meet your regulatory requirements more efficiently. Not only does modern technology give you a clear and complete view of the data you need for compliance, but it also gives you the tools to automate the whole reporting process.

And again, pre-built calculation libraries for different standards and regulations will help you keep on top of regulatory demands as they inevitably evolve – as well as modeling and reporting on the impacts of climate change.


Ultimately, regulators want to know you're in control of the data you're reporting and providing accurate outputs that regulators and other stakeholders can rely on. In this sense, the latest technology also helps by improving the traceability, governance and overall management of data, with tools to support the seamless exchange of data between systems and teams.

In other words, by helping you achieving compliance, modern IT also puts you in a stronger position to better manage your business – a fact that's increasingly recognized by business leaders. Today, 32% of C-suite executives say they use the most effective tools to execute and streamline regulatory compliance, and 33% that they use the intelligence they get from regulatory reporting to improve their business operations.<sup>1</sup>

However, even the most innovative solutions are no help if they're hard to use. Risk models may be complicated, but the latest systems are intuitive for users to pick up and work with. With simple, open versioned code, they let you build and clearly visualize models without being an expert coder.

Plus, these systems provide sample models for different risks and regulations out of the box – but make it easy to customize to your firm's specific requirements.

<sup>1</sup>FIS, Global Innovation Research, 2024



Regulatory reporting requirements show no signs of slowing down. Modern risk management systems not only keep you ahead of compliance but also in charge of the business processes that help put money to work.



### 3. Operations are on overload

As actuarial modeling and regulatory reporting requirements continue to become more demanding, today's insurers have more disclosures than ever to report – but no more time or money to deliver the results.

Inflation may be lower but costs are still increasing, calling for new, faster ways to do more with less. As risks keep evolving, you should also be able to constantly improve your efficiency and take advantage of the latest innovations.

In short, technology can do a lot to ease your operational burden. And the cloud is the place to do it, especially when it's supported by managed services.

The majority of C-suite executives agree; 56% say that managed services help them improve compliance with regulations in the fields of both risk management and data protection.<sup>2</sup>

#### Propel growth in the cloud

In a managed cloud environment, advanced risk management software on a single platform will not only automate and control intricate actuarial processes from end to end, but also scale easily and cost-effectively to sudden rises (or falls) in volumes of reported data.

Plus, with the on-demand computing capabilities of a software-as-a-service (SaaS) solution, you'll only ever pay for the capacity you need, when you need it.


But software developers also work to continuously improve the speed and efficiency of model runs with each release. Every minute costs money in the pay-as-you-go cloud, so they will pull as many levers as possible to turbocharge models and improve run time. That includes being able to extend formulas, configure report settings and only perform calculations for the set of metrics you need.

Additionally, advanced vector extensions (AVX) can help maximize model performance. Distributed database technology will support larger volumes of data. And when a technology partner provides centralized code, insurers can respond faster and more effectively to new challenges and speed up their ability to carry out ad-hoc analysis or price a new product.

AI also plays an increasing role in helping businesses manage risk and regulation more efficiently, with the cloud providing the computing capacity firms need to power AI tools. Already, 52% of C-level leaders say they use AI for risk modeling, 54% for predictive analytics and 46% for regulatory compliance.<sup>3</sup>

<sup>2</sup> FIS, Global Innovation Research, 2024

<sup>3</sup> FIS, Global Innovation Research, 2024

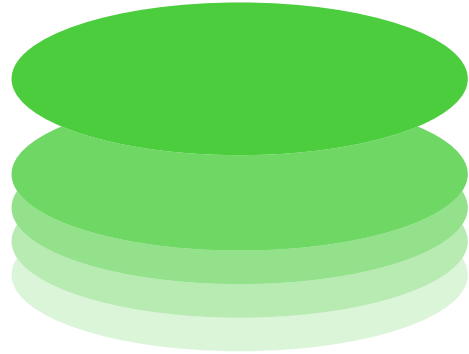


Your risk management operations may be under pressure. But with advanced capabilities, cloud-based technology will help you do much more for lots less, work your money even harder and seize competitive advantage.

# Unlock a complete understanding of your risks with FIS Insurance Risk Suite

FIS Insurance Risk Suite provides a single, highly automated platform for actuarial modeling and risk management and helps more than 1,000 insurers in over 80 countries understand the risks they face. It gives you the scale, security and flexibility you need to cover all your risk requirements, stay on top of compliance and propel growth in the cloud, for harder-working finances all around.

At FIS, we're dedicated to unlocking financial technology to the world and helping insurance risk managers and actuaries effectively put money to work. Get in touch with us today and learn how we can empower your business to unlock your understanding of risk.



[CLICK HERE TO UNLOCK](#)

FIS insurance risk solutions help navigate complex regulations, mitigate risks and make capital work harder.

Our **technology** powers the global economy across the money lifecycle.



Money  
at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.



Money  
in motion

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.




Money  
at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.


## About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit [FISglobal.com](http://FISglobal.com). Follow FIS on LinkedIn, Facebook and X (@FISglobal).

 [www.fisglobal.com/products/fis-insurance-risk-suite](http://www.fisglobal.com/products/fis-insurance-risk-suite)

 [www.fisglobal.com/contact-us](http://www.fisglobal.com/contact-us)

 [linkedin.com/company/fis](https://linkedin.com/company/fis)

 [x.com/fisglobal](https://x.com/fisglobal)