PROPHET FOR LDTI

A SINGLE PLATFORM FOR MANAGING COMPLEX CHANGES TO U.S. GAAP
The Financial Accounting Standards Board (FASB) announced major changes to the generally accepted accounting principles (GAAP) for long duration insurance contracts in 2018. Now set to take effect in 2022 and 2024, later than originally planned, the Long Duration Targeted Improvements (LDTI) will be the most important accounting update to hit U.S. life insurers in decades.

The LDTI deadline may have been delayed, but your implementation project shouldn’t be. As well as introducing radically different calculations, LDTI vastly increases the amount of information needed for disclosures.

So, insurers will need to make fundamental changes to their actuarial systems, controls, reporting and data management processes.

Stay on target for LDTI with FIS’ Prophet
Designed to support all aspects of actuarial modeling, FIS’ Prophet provides an end-to-end platform for meeting the new reporting requirements of LDTI. As well as helping improve reporting timelines and insight into business performance, the solution reduces operational risks by increasing automation and governance of the entire reporting cycle.
THE LDTI CHALLENGE

WANTED – FLEXIBILITY WITH CONTROL

For insurers, LDTI is part of a global regulatory shift toward a more flexible, holistic approach to calculating reserves. Rather than assumptions that remain static through the life of a policy, regulators are asking for a more tailored view of reserves, through best estimate assumptions that firms review every year. As insurers may take multiple approaches to developing their assumptions, they need easier ways to both update and control the different versions. Plus, with the move away from formula-based valuation to cashflow-based valuation, it becomes even more important to use the same models and cashflows for both projections and valuations.

Why compromise?

Traditionally, separate modeling systems for projections and valuations have addressed different priorities. Pricing and ALM models need greater flexibility, transparency and customization, while valuation models require more precision, governance and control.

Maintaining two separate models increases the chance of calculations getting out of sync and duplicates the work required to build and maintain products and new features.
So, for LDTI, you really need one system that can do it all.

And that’s where Prophet hits the mark, every time.
THE END-TO-END SOLUTION
DELIVERED – LDTI WITHOUT COMPROMISE

From a single platform, Prophet offers a unique combination of flexibility, transparency and control. That means you can use our solution across the entire spectrum of actuarial modeling functions, from valuation to pricing and risk management.

For LDTI, you get a fully controlled environment for defining assumptions, storing actuals, producing results and transforming data in readiness for the general ledger. With tools for calculations, data management and process automation, Prophet enables you to manage the LDTI reporting process from end to end, on premise or in the cloud.

Components of Prophet Data Management Platform integrate with commonly used IT platforms, across a variety of deployment models.
CALCULATIONS
PROJECT CASHFLOWS AND PRODUCE RESULTS FAST

Prophet supports LDTI calculations with purpose-built actuarial libraries that we maintain. Together, our U.S. Life and Annuity 360 library and U.S. Health library give you the tools to calculate principle-based reserves and project cashflows for all types of insurance products.

We also provide a U.S. GAAP Cohort library that takes all of your cashflows to produce cohort-level results, which are critical for LDTI reporting.

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Prophet’s libraries for LDTI cover:

- Development of LDTI cash flows using conventional actuarial techniques
- Calculation of market risk benefits
- Determination of the income statement and balance sheet under LDTI (with actuals sourced from accounting and administration systems)
- Support for disclosure requirements by leveraging premium data management tools
- Support for DAC and other intangible calculations at both seriatim and cohort levels
- Projection of income statement and balance sheet for forecasting and scenario testing purposes
- Support for all measurement models under LDTI, the inclusion of externally modelled business from other systems, and transition calculations

Manage multiple assumptions

Thanks to Prophet’s Assumptions Manager module, you can run models with multiple sets of assumptions to generate LDTI’s rollforward calculations. By performing LDTI calculations within Prophet, you can incorporate metrics relating to the new standard into pricing, stress testing, general projections and other aspects of day-to-day actuarial work. Additionally, Prophet allows you to analyze LDTI results before committing them to downstream systems.
DATA MANAGEMENT
EXCHANGE, TRANSLATE AND WRITE LARGE VOLUMES OF ACTUARIAL DATA

As well as housing actuarial results and feeding them into future period calculations, Prophet’s Insurance Data Repository translates this highly specialized data into numbers that finance team can use and understand.

As actuaries must also generate high volumes of increasingly granular output under LDTI, Prophet now harnesses the power of distributed databases, too. For scalable tasks like stochastic processing, our Flexible Results module uses innovative NoSQL technology to help you make models run faster, write large sets of results simultaneously and reduce storage costs.

PROCESS AUTOMATION
CONTROL AND STREAMLINE WORKFLOW

To produce detailed disclosure reports as part of LDTI, U.S. insurers will need to manage new data sources and different types of runs in higher volumes.

With Prophet’s business process management tool, Prophet Control Center (PCC), you can manage, govern and even automate all of these new workflows as part of a well-orchestrated, end-to-end reporting process.

After processing data from your administration system, PCC will feed it into Prophet, kick off the multiple model runs needed for LDTI, produce the results – and use the output to populate a data repository and the general ledger.

So, although processes under LDTI will be more complex and intensive than ever before, you can now govern and automate them more extensively.
Discover how you can put Prophet to work for you.

Contact us.

About FIS
FIS is a global leader in technology, solutions and services for merchants, banks and capital markets that helps businesses and communities thrive by advancing commerce and the financial world. For over 50 years, FIS has continued to drive growth for clients around the world by creating tomorrow’s technology, solutions and services to modernize today’s businesses and customer experiences. By connecting merchants, banks and capital markets, we use our scale, apply our deep expertise and data-driven insights, innovate with purpose to solve for our clients’ future, and deliver experiences that are more simple, seamless and secure to advance the way the world pays, banks and invests. Headquartered in Jacksonville, Florida, FIS employs about 55,000 people worldwide dedicated to helping our clients solve for the future. FIS is a Fortune 500® company and is a member of Standard & Poor’s 500® Index. For more information about FIS, visit www.fisglobal.com

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