

# 6 QUALITIES TO LOOK FOR IN AN INVESTMENT ACCOUNTING SERVICE

With a growing range of complex asset classes, regulatory changes and reporting demands to manage, the intricacies of investment portfolio accounting can place undue pressure on insurers' in-house teams. A fully managed service will take time-consuming processes off your hands, but the quantity and quality of support can vary. So, how do you tell the basic data providers from the potential long-term partners?

To give you some guidance, here are **six** key characteristics to seek out in prospective investment accounting service providers.



## 1

### EFFICIENCY

You will want to make sure that your service provider can significantly reduce the time it takes for you to produce monthly financial reports, complete journal entries and wrap up period-end processes. Comprehensive three-way reconciliation, between your custodian, general ledger and the investment accounting solution, should be delivered as standard. For a more efficient operating model with less capital expenditure, look to providers who can host their solution from their own secure, cloud-based infrastructure – and offer an intuitive interface with dashboard reporting via a range of desktop and mobile devices.



## 2

### EXPERTISE

If you simply need top-line figures for filling out regulatory reports then you might be happy with a black box investment accounting service. Your provider should – at the very least – ensure compliance with National Association of Insurance Commissioners (NAIC), state and investment policy statement regulations and SSAE 16 auditing standards for software, hardware and processes. But insurance investment accounting is a complex function that deserves expert attention that can only be supplied by professionals with many years' experience of managing insurance regulation, alternative investments, cross-border trading and statutory, generally accepted accounting principles (GAAP) and tax accounting.



## 3

### TRANSPARENCY

A black box service will give you all the numbers you need for compliance – but wouldn't you like the choice to see more? The most sophisticated investment accounting solutions offer the transparency that black boxes cannot, allowing you to drill down into the detailed workings of their calculations. With this level of analytics, and board-ready reporting capabilities, you'll gain the business intelligence to make informed decisions.



## 4

### FLEXIBILITY

Sometimes, investments don't fit neatly into a (black) box or a one-size-fits-all solution. Over the years, insurers have had to invest in increasingly complex securities to improve their returns, potentially calling for new accounting approaches. Your solution provider should be perfectly happy to make any necessary changes to its system on demand and tailor its service to your unique challenges and goals, as any true partner would.



## 5

### RELIABILITY

Does your prospective partner have a flawless track record when it comes to delivering data on time and carrying out implementations? Great communication is an important part of being reliable. All too often, an investment accounting vendor will over-promise and under-deliver or will provide no explanation, or even notification, when a deadline is missed. From the start of your relationship, you should feel confident in your provider's ability to communicate, respond to requirements and pay attention to detail.



## 6

### PREDICTABILITY

Special introductory offers for services can often be too alluring to resist – until you're hit with more fees that you didn't anticipate. Your investment accounting service provider should be able to show you what you can expect for a regular monthly fee. With no nasty surprises or hidden costs to manage, the service will be easier to budget for and will clearly demonstrate its value. Sometimes, it pays to be predictable.

Most investment accounting service providers will lay claim to at least some of these six sterling qualities, but fail to keep their initial promises. Luckily, it's never too late to change to a better option. So, what are you waiting for?