Invoke: Facing the reporting challenge

Antoine Bourdais, director of banking and insurance at Invoke, describes some of the key challenges and solutions around pillar 3 reporting.

How ready was the market for pillar 3 reporting post-Solvency II implementation?

It has been a positive start. When the first submissions started in May you saw that the majority of the industry was able to deliver reports on time. Regulators have been positive about this.

But while the situation is good based on that, you can't trivialise the upcoming challenges. The industry is yet to carry out global reporting. Global submissions are based on data that has not been produced before and it will be a big task. There are also still a lot of questions over data quality.

Could you explain some of the issues around data quality?

Data quality is a big challenge, especially on the asset side. A lot of insurers outsource their asset management. So they have to aggregate a lot of information from different sources. There is no real unified framework for this at present. Indeed it is the first time insurers are having to combine many different kinds of disparate information together.

This is difficult because of the sheer volume of data insurers have to reconcile and the tight timeframes to do this in. Reconciliation teams may only receive raw data two or three days before deadline and then have to reconcile it with other data sources. It is a challenge, especially for big companies with huge volumes of information. For example, the largest European insurers can get submission files up to 1GB in size.

How have you been supporting clients in the reporting process?

We provide a collaborative web portal, e-Filing Insurance, which converts reports into the Solvency II XBRL format. It is a tactical solution that allows clients to load the information online, validate it and then save it as XBRL for regulatory submission.

We are also delivering a strategic solution, the Invoke Regulatory S2 solution. This is an end-to-end reporting platform connected with the source systems of the insurer which automates reporting production and helps to keep all the reports in one place, while preserving the data audit trail, before submitting in XBRL.

For data quality purposes we have encouraged a move from the tactical approach to the more strategic approach. The idea is to help with the industrialisation of the process and improve data quality, notably by providing a deeper audit trail for data lineage.

Furthermore, clients can build in their own checks into the system. For example, the platform allows you to compare data in two successive periods and uncover any unusual variations before creating your report.

What kind of evolution have you seen in your products this year?

Clients are increasingly using our Solvency II software as a global reporting platform. As well as for regulatory reporting, they will use it to deliver other information. For example, clients are also carrying out accounting reporting and producing annual reports on the system. They are using the Invoke strategic application as a regulatory data warehouse that allows them to collect, store and process information from various source systems and to deliver it to various receivers. The provided capability to perform cross-system consistency checks drastically improves data quality.

For us, the key evolution has been to develop the data modelling feature inside the reporting platform. Thanks to its capacity to deal with multiple frameworks, clients can centralise heterogeneous information and manage the production of all reports in a single application.

How do you intend to develop Invoke software in the future?

We work with nearly 25% of the market in Europe on Solvency II in 24 countries. To help with this we have created a working group where we receive our clients every two months to share regulatory information and discuss the evolution needed inside tools. If, for example, they need a specific feature not mentioned under regulations we can decide to include it in the Invoke standard software.

Now that we have mastered the quantitative reporting requirements and successfully implemented all the filing specificities of the various national competent authorities, one of the hottest topics with our clients right now remains the production of narrative reports and the implementation of the embedded, collaborative word-processing tool provided in the Invoke platform.

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