

Modernising Back Office Calculations with Mo.net

Customer: Large UK-based Life Insurance Organisation

Customer Size: 1,200 employees

Country: UK

Industry: Insurance

Partner: Sapiens

Partner Website:
www.sapiens.com

In the course of implementing a new policy administration platform from Sapiens, the Israeli-based technology provider, a UK-based insurance firm saw an opportunity to improve the quality, flexibility and performance of calculations required to support back-office activities. By working collaboratively with Software Alliance and Sapiens, the insurer was able to reduce calculation response times from several hours to a matter of minutes and improve the overall accuracy and transparency of calculations.

Software and Services

- Mo.net Model Development Studio
- Mo.net Quotations Service
- Excel Model Adapter for Mo.net

Business Challenge

As part of an initiative to transform their back-office policy administration systems, Sapiens were engaged to migrate existing business from a UK-based insurer's legacy platforms and onto the ClosedBooks platform. During the design phase of the project, it became clear that a number of the calculations required to support legacy policy servicing were being done "off-platform" in spreadsheets and other end-user applications. As a consequence, the overall calculation process was fragmented, slow and relied on the knowledge of specific members of staff.

While the ClosedBooks system has a comprehensive set of calculations to support the majority of these policies, some of the off-platform routines were considered too cumbersome to migrate from the end-user computing environment to the ClosedBooks platform.

To address this issue, Sapiens, an existing partner of Software Alliance, suggested to the insurer that these more complex calculations should be developed in Mo.net. This would have the benefit of providing the insurer's actuarial team with increased efficiency, accuracy and control of calculations, without giving up any of the flexibility afforded by the existing spreadsheet-based calculations. It would also provide the team with increased visibility of the underlying calculations being performed as part of policy administration activity, increasing confidence in the overall process.

Solution

To accelerate the process of developing the required back-office calculations in Mo.net, the existing spreadsheet-based solutions were used as a basis for the migration activity. Typically, in the course of migrating the calculations from spreadsheets to Mo.net, a number of issues were identified with the underlying spreadsheets, which required actuarial support to resolve. A significant amount of redundant logic was also found in the existing spreadsheets, which allowed the target-state Mo.net projects to be simplified & streamlined. This provided further improvements in performance and transparency.

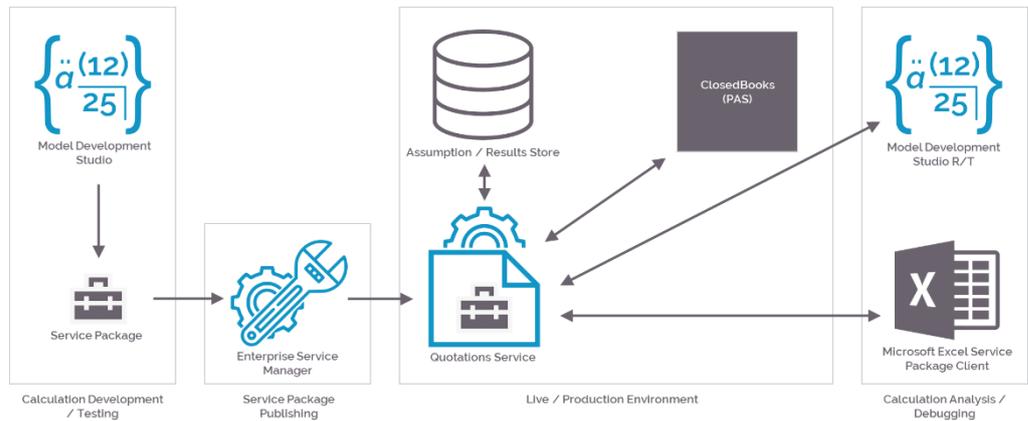


Figure 1 - Solution Overview

Once the primary set of legacy calculations had been refactored & tested in the Mo.net Model Development Studio, these were deployed to the Mo.net Quotations Service, allowing them to be consumed on-demand and in real time from the ClosedBooks platform, and any other client application, such as Excel (see Figure 1). This ability to publish the same set of approved calculations to a central hub and consume the same calculations from a range of client applications was seen as a major benefit to the insurer.

The next step was simply to include an additional flag in the ClosedBooks platform indicating which servicing calculations should be done internally within ClosedBooks, and which should be done off-platform within Mo.net. This approach provided scope for extending the calculations performed in Mo.net at a later date.

The final stage involved wiring-up the interfaces between ClosedBooks, the Mo.net Quotations Service, and the assumptions data store being used to hold tables of rates and other volatile run-time parameters. The request from ClosedBooks to the published Mo.net calculations was made by sending a payload of key-value pairs over a SOAP interface to specific web service endpoints exposed on the Mo.net Quotations Service. After processing in real-time, the Mo.net Quotations Service simply returned another series of key-value pairs back to ClosedBooks for downstream processing.

Benefits

The most significant benefit for the insurer was simply to allow them to complete their migration to ClosedBooks on schedule and with negligible impact on the overall programme budget. A significant number of tangible secondary benefits were also delivered as part of the solution:

- Improved speed & transparency of calculations
- Removal of high-risk end-user computing solutions
- Set of reusable & extensible calculation components accessible across a wide range of enterprise tools in addition to the PAS – e.g. Business Intelligence, Excel
- Significantly improved change agility – both in terms of parameter / rate changes in terms of logic changes / enhancements

To find out more about the Mo.net Financial Modelling Platform and its support for back-office calculations:

www.softwarealliance.net/products/enterpriseservices

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