



OVERVIEW

Operationalizing IFRS 17 - a process focused approach

We combine lean process design
and digital technologies to
intelligently deliver IFRS 17

The new international standard governing accounting for insurance contracts - IFRS 17 - will profoundly affect the industry. It's not just about compliance. IFRS 17 will change the way that insurers operate their businesses and stakeholders analyze their business. Insurers must reimagine their business processes to capture and interpret the relevant data, and translate it into actionable insights. Our process-focused IFRS 17 solution means insurers can operationalize IFRS 17 through integrated end-to-end process transformation using our Lean DigitalSM approach and digital technologies.

IFRS 17 aims to increase consistency, comparability, and transparency across the global insurance industry. But most insurers face daunting operational challenges as they scramble to achieve compliance by 2021.

Key operational challenges

Fundamentally, IFRS 17 will have an enterprise-wide impact on end-to-end processes, from sourcing data to the last mile of reporting. The new measurement and reporting requirements will trigger a fundamental shift in:

- Data attribution, readiness and transition such as contract service margin (CSM)
- Change of system architecture
- The degree of collaboration between the actuarial and finance functions
- Redefined control environment around changed data, systems and processes
- Resourcing, training and managing change

Process design is the foundation

Robust process design will be the foundation to efficient and sustainable IFRS 17-related operations. Automation, built on this process design, will then magnify these efficiencies. We should learn from past lessons that rushing into new technology solutions without a solid process transformation fail quickly or will not deliver the expected business outcomes.

We consider process design to be a combination of art and science:

- The art of design thinking to focus on business outcomes, and look for creative answers to problems
- Then apply scientific methods (value stream mapping) to maximize the operational efficiency of IFRS 17

Figure 1 illustrates the high-level “art of the possible” IFRS 17 process. We can deliver more granular process design using a scientific value stream mapping approach.

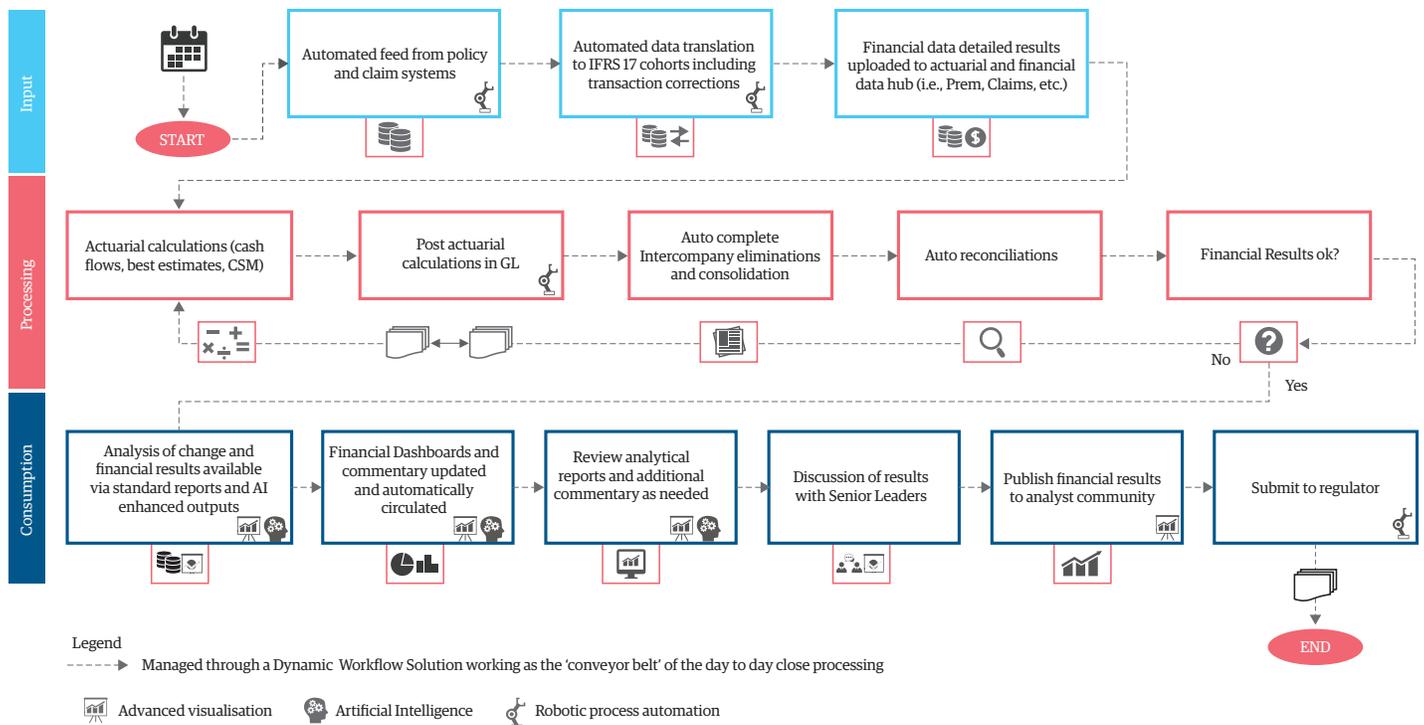


Figure 1: Illustrative IFRS 17 end to end view

A coherent data management strategy and technology are the key enablers

A cutting-edge data management strategy (DMS) combined with technology capabilities are the key enablers for end-to-end process transformation. An optimal design needs to:

- Synchronize the business architecture (process, data and technology)
- Align with the process design and desired business outcomes
- Be partly based on the current state-of-play, including existing data and IT strategies
- Incorporate solutions adopted for compliance with other regulatory regimes

Selecting the right mix of digital automation technologies

Currently, the lack of a single end-to-end IFRS 17 technology solution heightens compliance risks as multiple system adaptations often are connected via manual interventions. To mitigate the risks, a suite of digital tools can help automate these connections and significantly enhance quality and efficiency. Dynamic workflow management, robotic process automation, machine learning, and artificial intelligence can all be brought into play.

Although automation can be applied to any siloed process, its true value is delivered with a robust end-to-end process design and transformation.

Embedding a robust control framework

End-to-end IFRS 17 processes will require a robust internal control framework across pricing, source data systems, IT, actuarial modelling, and finance functions. The key is to ensure that they're practical and align with the risk appetite of the organization, while leveraging any automation opportunities for control testing.

Our approach for IFRS 17

Our IFRS 17 approach focuses on process design and transformation by applying our Lean DigitalSM approach as depicted in figure 2.

1. We focus on process design using our Lean DigitalSM approach

Our Lean DigitalSM approach combines insurance domain, Lean/Six Sigma process principles, and digital technologies to design the end-to-end IFRS 17 process. Our proprietary DSEPSM (Digital Smart Enterprise Process) framework and tools enable the processes to be granular, standardized, practical, and executable

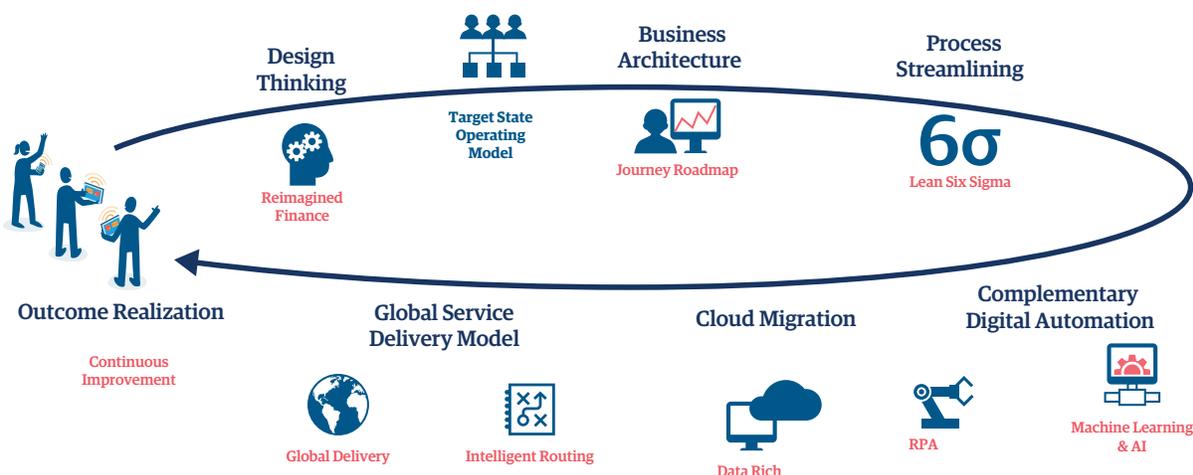


Figure 2: represents the elements of an IFRS 17 journey

with clear handoffs. We employ granular data analysis, sophisticated diagnostics and cross-functional benchmarks to maximize process effectiveness and harness the power of digital technology.

2. We embed the process design with your Data Management Strategy (DMS)

We help you design the most appropriate DMS and identify the technologies that will meet the increased demands in granular data discovery, segmentation, ingestion, and transition embedded with the end-to-end IFRS 17 processes. With our input, your new strategy will include a detailed transformation roadmap and a plan for minimizing disruption during implementation.

3. We leverage digital technologies

We take a pragmatic approach towards embedding digital technologies into IFRS 17 processes. For example:

- Robotic process automation (RPA) is well suited to automate data readiness and transition for CSM calculation and reporting processes.
- CoraSequence, a dynamic workflow management tool is an ideal candidate to orchestrate various multiple data flow and systems with insightful analytics.
- Machine Learning in combination with natural language

processing (NLP) and natural language generation (NLG) can enhance the automation of narrative commentaries and the production of reports.

- Genpact Cora, our AI-based platform, will accelerate and scale this digital transformation.

4. We incorporate a robust control framework

Our complete process design will incorporate new controls around data, technology, and processes to ensure IFRS 17 compliance aligned with the overall control framework. Plus, we will look for opportunities for automated testing.

Why Genpact?

We run one of the world's largest process sandboxes covering the whole life cycle of insurance operations. These allow us to successfully complete thousands of process transitions covering data engineering, actuarial modeling, finance and accounting, forecasting and enterprise performance measurement.

We have the unique ability to combine Lean/Six Sigma process principles, deep operational expertise and advanced digital technologies. Our advanced process transformation and digital assessment tools enable you to drill down to very granular level and run the operations.

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes for hundreds of Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. We obsess over operations and focus on the details - all 78,000+ of us. From New York to New Delhi and more than 20 countries in between, Genpact has the end-to-end expertise to connect every dot, reimagine every process, and reinvent companies' ways of working. We know that rethinking each step from start to finish will create better business outcomes. Whatever it is, we'll be there with you - putting data and digital to work to create bold, lasting results - because transformation happens here, at Genpact.com.

For additional information contact, insurance.solutions@genpact.com and visit, www.genpact.com/what-we-do/industries/insurance

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