

# Reporting and filing for Insurers with IBM Cognos Disclosure Management

*Meeting Solvency II 'Full Measures' XBRL reporting requirements and more*



---

## Highlights

- Generates high-value documents for various required reports, including Own Risk and Solvency Assessment (ORSA), Solvency and Financial Condition Reports (SFCR), Regular Supervisory Reports (RSR), and XBRL-tagged, updated Quantitative Reporting Templates (QRTs) in the EIOPA framework release 2.0.1 et seq.
  - Merges enterprise performance data with focused narrative in a purpose-built performance management application.
  - Streamlines document production within a consistent, sustainable, multi-user environment that automates manual processes e.g., copying, pasting emailing, etc.
  - Provides built-in access control, workflow control and version control, plus on-the-fly content validation, audit trails, task lists, free-form user commentary and general process governance.
- 

## Challenges

Many European insurers have experienced growing pains with both their internal and external reporting and disclosure processes in recent years due to increasing volumes of data and changing regulations by the European Insurance and Occupational Pensions Authority (EIOPA). To produce these internal and external reports, report contributors have been known to work in Microsoft Word, Microsoft Excel and Microsoft PowerPoint files, manually copying and pasting data from source systems or disparate spreadsheets, and then passing these files back and forth for consolidation and review over insecure channels, such as email, until the report is complete. Time-consuming manual tasks expose insurers to a great deal of risk – risk of error or misstatement, risk of non-compliance, low confidence in their data and little or no security and transparency in the reporting process itself. A lot of highly paid individuals end up completing a lot of granular (low-value) clerical activity just to keep the Board calm.

To achieve greater levels of transparency between insurers, local supervisors, EIOPA and the public, the most recent deluge of regulatory changes in the European Solvency II insurance sector (EIOPA framework release 2.0.1) establishes a revised (post-consultation) set of capital adequacy requirements and technical risk management standards that—at a high level—aim to ensure that insurers have sufficient capital to cover risk and meet their financial obligations. Of course, the devil is in the detail. And there is a lot of new detail.



The bottom line is that insurance institutions now need to produce more complex, comprehensive disclosures and electronic filing submissions more frequently. The regulators have not just “tweaked” requirements but have engaged in wholesale change. Moreover, they have done so very quickly. EIOPA issued three different versions of their XBRL (eXtensible Business Reporting Language) taxonomy and input templates in the space of just a few short weeks!

With little time to prepare for the latest Solvency II XBRL mandate, European insurers have learned that not only are they unable to rely on time-consuming, manual reporting processes but—in some instances—they cannot even rely on the software vendors they originally selected to support them. Many insurers were lulled into a false sense of security by major Solvency II software vendors when presented with solutions that supported the interim EIOPA 1.5.2.x “Preparatory Filing” measures. Sadly, due to the inflexibility of these solutions and the inability to re-tool these products quickly enough to comply with the rapidly changing data point models—some software vendors have decided to withdraw from the European Solvency II “Full Measures” reporting market only a few months before the XBRL mandate is due to go live on January 1, 2016. (Understandably, this turn of events has left some insurers quite upset.)

Fortunately, the impact of moving between EIOPA framework releases has been minimal for those insurers using IBM® Cognos® Disclosure Management. The close working relationship with IBM customers and the software development groundwork put in place during the EIOPA QRT “Preparatory Filing” phase has ensured that Cognos Disclosure Management is now well positioned for “Full Measures” XBRL conversion. In fact, Cognos Disclosure Management was designed to make supporting regulatory updates a relatively simple task. This means that all the QRTs required for the new “Full Measures” specification are already available.

## Solution description

Cognos Disclosure Management is a secure, collaborative, enterprise-scalable reporting and process automation platform. It enables users to collect enterprise data and merge it within narrative, numeric and chart-based reports in a controlled, auditable application environment. And it addresses many worldwide statutory and regulatory reporting requirements, including Solvency II for the European insurance sector.

Cognos Disclosure Management links report data directly to enterprise data sources, allowing insurers to create documents and reports that refresh dynamically both during production cycles and at the end, when submissions can be rolled forward automatically to jump-start the next reporting cycle. ORSA, SFCR, RSR and QRT reports update automatically when numbers change in underlying corporate data sources and applications. This delivers a single, consistent version of the truth across the whole organisation.

As highlighted above, Cognos Disclosure Management also integrates the XBRL “instance document” electronic report format into the external reporting process and makes QRT tagging and validation not only more efficient but also virtually invisible to end-users. They now merely have to focus on the numbers rather than process compliance and endless last-minute output validation fire-drills at the end of the cycle when time is most precious. Integrating XBRL in this manner and automating the surrounding process minimises the need for employees to constantly refer to documentation and engage in multi-tier, matrix-based forensic review. Application administrators decide what contributors and reviewers can see and do. They can then just focus on completing their reports.

*Workflow control, version control and process control dashboards help managers to identify bottlenecks and refocus resources quickly.*

Report administrators can also create and enforce intelligent processes with integrated controls, compliance checklists, task lists and full visibility into each step of the reporting cycle. Workflow control, version control and process control dashboards help managers to identify bottlenecks and re-focus resources quickly. By standardising production processes throughout a global organisation—and using a single version of the data—insurers can minimise the debate over whose numbers are correct, thus enabling them to react quickly to risks, weaknesses or new opportunities before reaching consensus and attestation.

Cognos Disclosure Management reduces risks by embedding controls, security, data validation, and robust audit trail reporting within the reporting process itself. The ability to quickly identify audit trail reports and control mechanisms can save internal (or external) auditors from having to perform costly compliance tests during each cycle as well as post-audit process reviews to ensure that proper checks and validations have been completed at the end of each reporting period.

### Why is Cognos Disclosure Management XBRL filing functionality so different?

1. Cognos Disclosure Management protects users from all the XBRL “plumbing and wiring” that they may associate with their existing template solutions. XBRL generation is handled behind the scenes and invoked by the simple click of a button. No XBRL knowledge is necessary on the part of the user. Unlike taxonomy-dependent offerings, Cognos Disclosure Management provides a 100%-compliant validation service and performs considerably faster than most other solutions on the market.
2. There is no need to tag anything manually or touch the EIOPA data point model or taxonomies. In fact, individual relational data queries become automatically tagged via specific “query forms” so that large data volumes do not need to surface within the “regular forms” provided by the regulator. This improves processing performance.
3. Users can simply load data into their chosen forms and start generating XBRL straight away. They can add and delete forms as they see fit during the filing report production cycle. This is not always possible with other solutions. Cognos Disclosure Management delivers a healthy balance between reporting flexibility and internal control.
4. Form validation takes place “on the fly” while users are entering or loading data. Users are directed to individual cells e.g., where one number does not tie out to the sum of another set of numbers. Contents of formulae are displayed in a QRT validation pane so that when a user clicks on a particular cell reference within the formula, Cognos Disclosure Management takes the user directly to the associated cell within the template. Consistency checks also prevent users from saving forms whose structures have been altered e.g., where rows, columns or cells have been inserted or deleted accidentally. Forensic review can therefore take place during the production cycle, not at the end when time is short.
5. Full report validation can be run on demand at any point during the production process without having to execute lengthy XBRL validation processes at specific times e.g., on overnight runs, etc. The full XBRL validation option is always available but—unlike some other solutions—does not have to be used all the time.
6. Each Excel cell includes a comment which explains the dimensionality of the data point. Users learn which piece of data resides where at the point of entry.
7. Every time a form is opened the data can be refreshed. And every time it is saved, it is validated.

## Key features and performance advantages

1. Cognos Disclosure Management moves away from the traditional XBRL technical approach adopted by some other solutions. Users will never have to deal with XBRL concepts. The reporting environment is contained entirely within “filing packages” that are simply downloaded from IBM and installed into the user’s environment.
2. EIOPA technical standards are supported “out of the box” through the use of these filing packages. Whenever EIOPA issues an updated set of requirements, a new package is made available and a simple “Replace Package” function enables the insurer to install the new or updated collateral. For those templates that can be automatically converted, the updating takes place without user intervention. Even if the updates are complex, the user is helped by having both the old and new versions of the templates available for both quick reference and—where necessary—easy flipping between data source connections. This highly granular level of support not only covers the EIOPA data point model and various supporting taxonomies but also important business-oriented and financial frameworks.
3. The different EIOPA 2.0.1 report types are fully supported, from Day 1 reports all the way through to the Annual reports that will be required in 2017. National variations in the requirements are also addressed so that when the user identifies the jurisdiction to which they are reporting, the correct set of templates and, if appropriate, national taxonomy extensions are made available. Even the ECB templates for Eurozone countries are included.
4. Filing report administrators can set up reference, remittance, or internal due dates, template frequency and many other bespoke reporting process requirements. All reporting dates or completion periods can be adjusted in line with the financial year-end of each reporting entity.
5. A sophisticated “roll forward” mechanism will automatically update your OLAP, RDBMS, OLE DB, ODBC, Excel and ASCII data connections (e.g., to your IBM, Oracle, SAP, etc. data sources) and can refresh dynamic data queries from other financial consolidation applications (e.g., IBM Cognos Controller, Oracle Hyperion Financial Management (HFM), etc.) in order to retrieve new data for the new reporting period. It will recognise whether updated EIOPA templates and taxonomies are needed and, if so, it will automatically update the necessary templates accordingly. All report submissions—from Day 1 to Annual—can be rolled forward from period to period, streamlining XBRL instance document and filing report production and building ROI for years to come.
6. Data points can be dynamically linked to narrative reports (e.g., SFCR, RSR and ORSA) in such a way that if the number in a QRT changes at the source, every instance of that number updates automatically wherever it occurs, e.g., in a Word document, PowerPoint slide, etc.
7. Cognos Disclosure Management includes unique cross-template content validation functionality that is business-centric rather than XBRL-centric.
8. The XBRL validation and generation system has been fine-tuned for Eurofiling submissions i.e., the EIOPA and European Banking Authority (EBA) XBRL mandates. It therefore delivers superior processing performance. When benchmarking it was found that:
  - A 2GB XBRL instance document can be generated in less than five minutes.
  - A 20GB XBRL instance document can be generated in less than one hour.

## Conclusion

According to industry analysts, European insurance organisations need to identify solutions that are more easily implemented and updated while being comprehensive enough to meet the requirements of the Solvency II mandate.<sup>1</sup> Cognos Disclosure Management reduces the process risks, costs and data inaccuracies that often plague manual reporting processes. It transforms report production cycles and delivers greater data accuracy, making processes more efficient and effective at the same time as ensuring regulatory compliance.

To learn more about IBM Cognos Disclosure Management, please visit [ibm.com/software/products/en/cognos-disclosure-management](https://ibm.com/software/products/en/cognos-disclosure-management)

## About IBM Analytics

IBM Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

IBM Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals. For further information please visit [ibm.com/analytics](https://ibm.com/analytics)

## Request a call

To request a call or to ask a question, go to [ibm.com/analytics/contactus](https://ibm.com/analytics/contactus). An IBM representative will respond to your inquiry within two business days.



---

© Copyright IBM Corporation 2015

IBM Corporation  
IBM Analytics  
Route 100  
Somers, NY 10589

Produced in the United States of America  
December 2015

IBM, the IBM logo, Cognos, and [ibm.com](http://ibm.com) are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at “Copyright and trademark information” at [www.ibm.com/legal/copytrade.shtml](http://www.ibm.com/legal/copytrade.shtml).

Microsoft, Microsoft Excel, and Microsoft PowerPoint are trademarks of Microsoft Corporation in the United States, other countries, or both.

This document is current as of the initial date of publication and may be changed by IBM at any time. Not all offerings are available in every country in which IBM operates.

THE INFORMATION IN THIS DOCUMENT IS PROVIDED “AS IS” WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY OR CONDITION OF NON-INFRINGEMENT. IBM products are warranted according to the terms and conditions of the agreements under which they are provided.

1 Preparing for Mandates in European Banking and Insurance: A Solution Selection Guide, Aberdeen Group - <http://www-01.ibm.com/common/ssi/cgi-bin/ssialias?infotype=SA&subtype=WH&htmlfid=YTL03289USEN#loaded>



Please Recycle