

ADONIS NP:
MODELING OF
GOVERNANCE ISSUES

TARGET IMAGE

VISION

"We manage life insurance portfolios more efficiently,
more progressive and more value-driven than any other."

EXCELLENCE IN ACQUISITION AND INTEGRATION



- ▼ Growth through specialisation in the acquisition and integration of companies or portfolios - organisationally and technically
- ▼ Excellent M&A skills

EXCELLENCE IN CAPITAL MANAGEMENT



- ▼ Ensure strong capitalization and access to adequate funding for all companies
- ▼ Sustainably good solvency ratios
- ▼ Powerful solutions for investment and balance sheet structures

EXCELLENCE IN INVENTORY MANAGEMENT



- ▼ Ensure low cancellation rates
- ▼ Ensuring stable customer relationships by fulfilling all contractual obligations and providing attractive services at reasonable costs
- ▼ Basis: modern, scalable IT platform and structures

VIRIDIUM AT A GLANCE

CORE FIGURES

- ▼ Almost 3.8 million contracts managed across the Group ¹
- ▼ Assets under management of more than 70 billion euros ²
- ▼ Group solvency at about 231% ³
- ▼ Average cancellation rate of the companies 2.3%. ⁴



PORTFOLIO COMPANIES

- ▼ Proxalto Lebensversicherung AG
- ▼ Heidelberger Lebensversicherung AG
- ▼ Skandia Lebensversicherung AG
- ▼ Entis Lebensversicherung AG



LOCATIONS

- ▼ Neu-Isenburg (Corporate Center)
- ▼ Hamburg, Munich (Service Center), Heidelberg (TPA)
- ▼ Around 900 employees group-wide ⁵



OWNER

- ▼ Cinven
- ▼ Generali
- ▼ Hanover Re



As at 31.12.2021

(1) Number, for own account, i.e. self-managed + underwritten syndicated business, excluding lead syndicated business

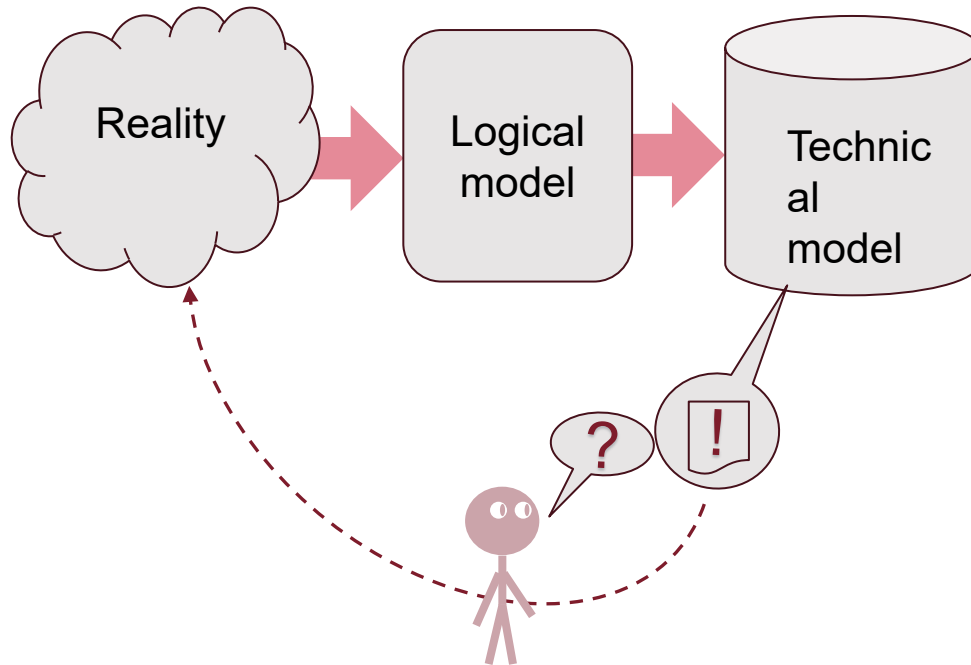
(2) Book value, total of traditional and unit-linked investments, consolidated

(3) Standard formula, without transitional measures, with volatility adjustments

(4) Number / units, annualized

(5) Excl. freelancers & paid leave other than maternity leave, including temporary workers, long-term sick, works councils and trainees. For individual life companies, the number of the corresponding service company applies, HLE incl. LVB, further employees employed in VKG and VSM.

MODELING



Behavioural/
structural analogy

- Model truth?
- Objects?
- Relationships?

Degree of abstraction

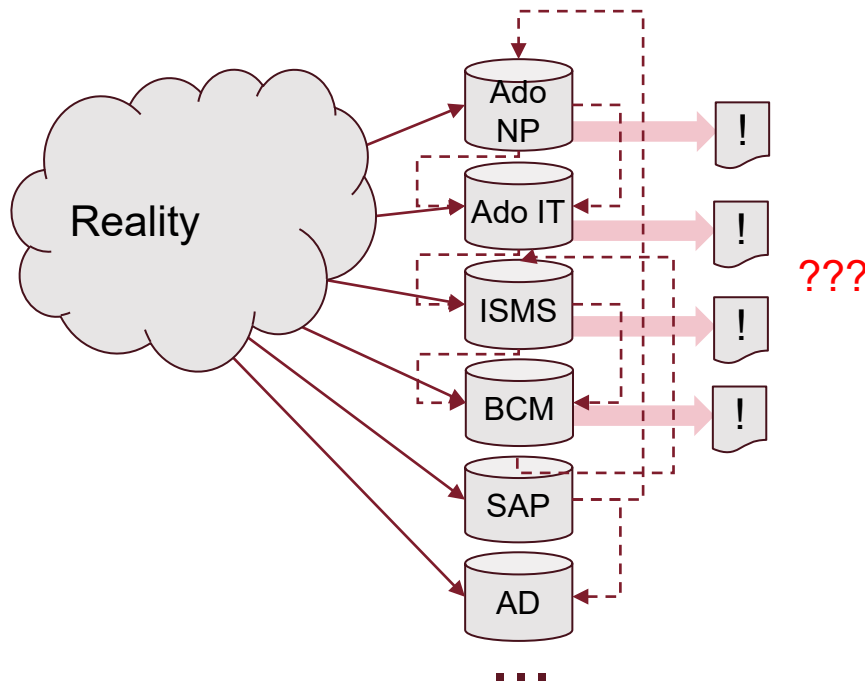
- Purpose and addressee?

Language

- Structure and content
- Modeling language
- Natural language

- ▼ The quality of the logical model limits (for better or worse) the technical model and the quality of all the resulting possibilities.
- ▼ Deep corrections to existing and content-filled models are difficult.

INTEGRATION OF MODELS 1



Non-redundancy

- Single source of truth

Primacy of the logical model

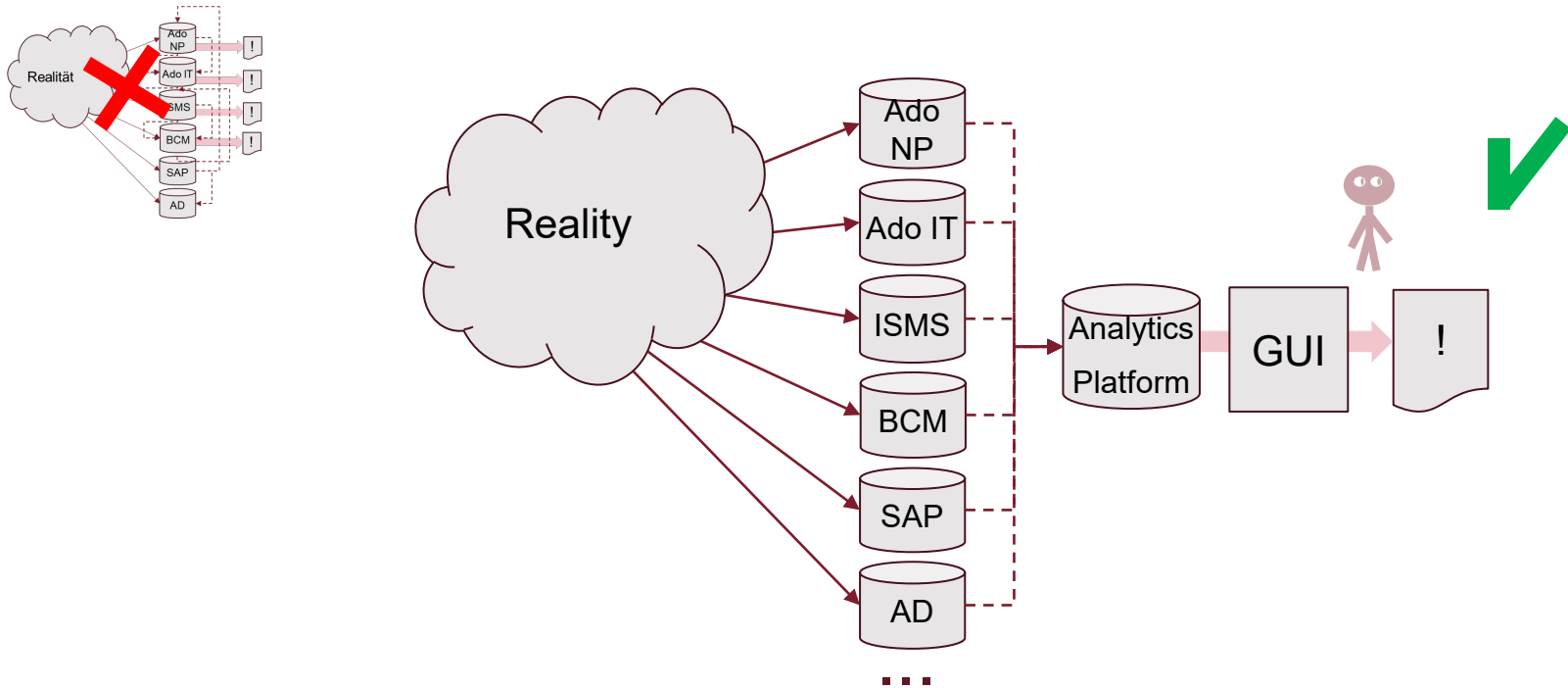
- Common understanding
- Overarching set of rules

Technical model

- Level of knowledge of those responsible for the model / system
- Interfaces
- Complexity

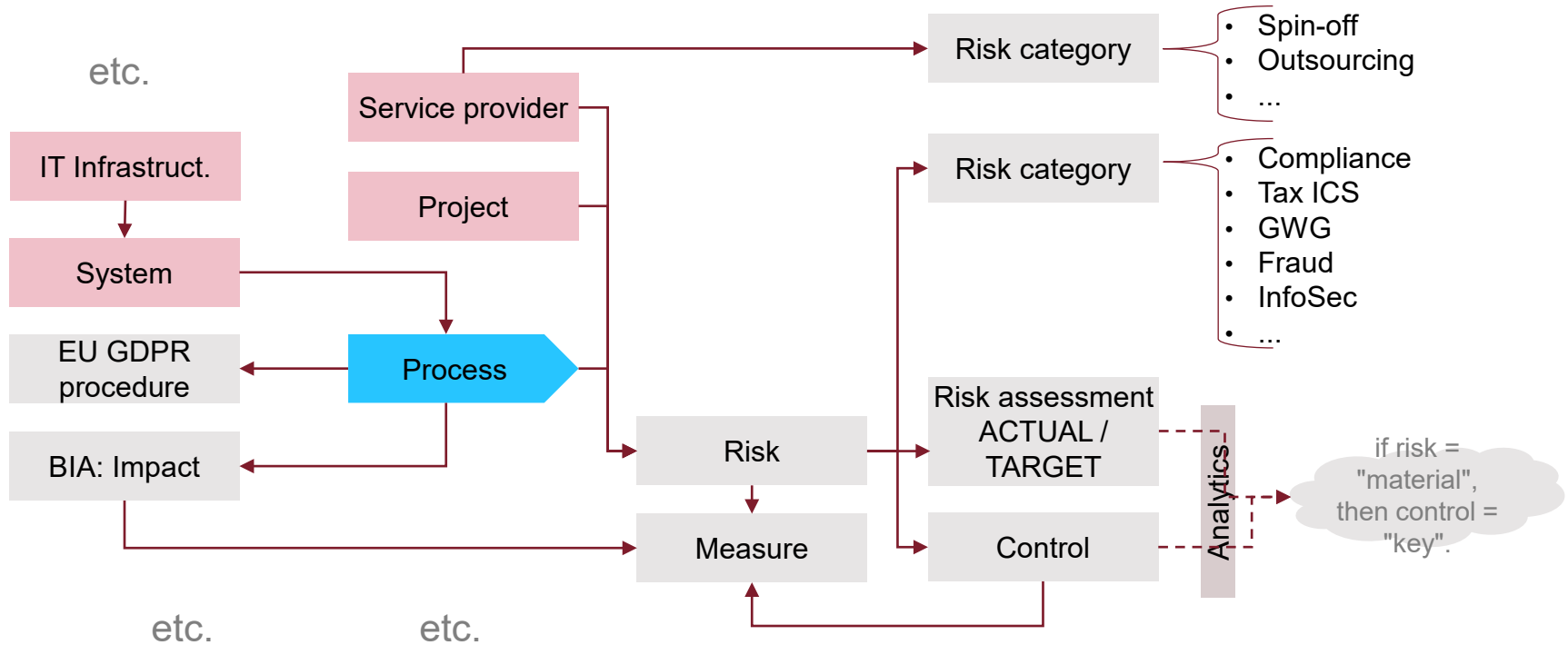
- ▼ Integration of models: Multiple use of models and their contents
- ▼ No free lunch: High content and technical complexity of the "overall model".
- ▼ Consistent reporting?

INTEGRATION OF MODELS 2 / EVALUATION



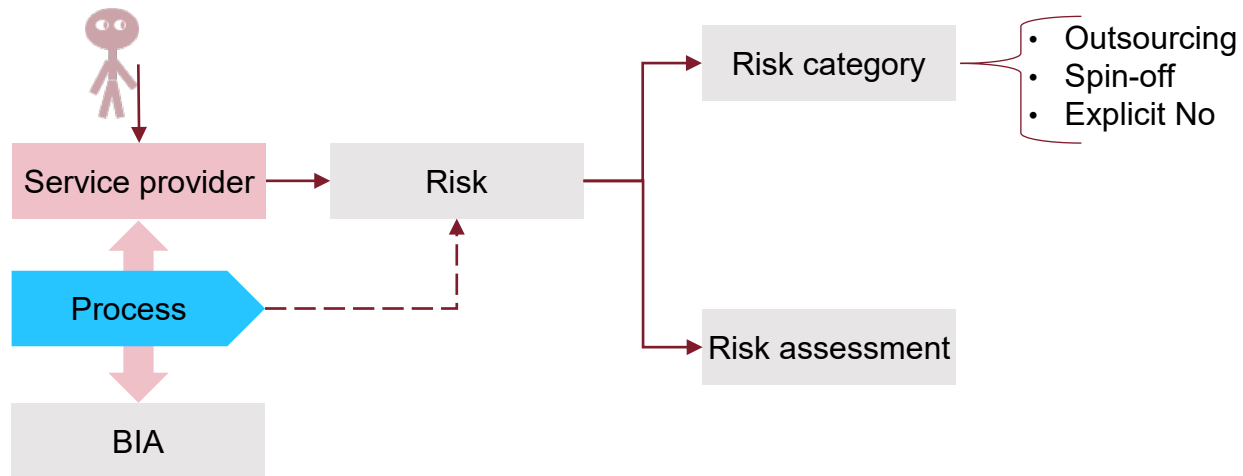
- ▼ Rest API
- ▼ Reporting through specialized reporting systems, "all the data all the time".

MODELING GOVERNANCE ISSUES



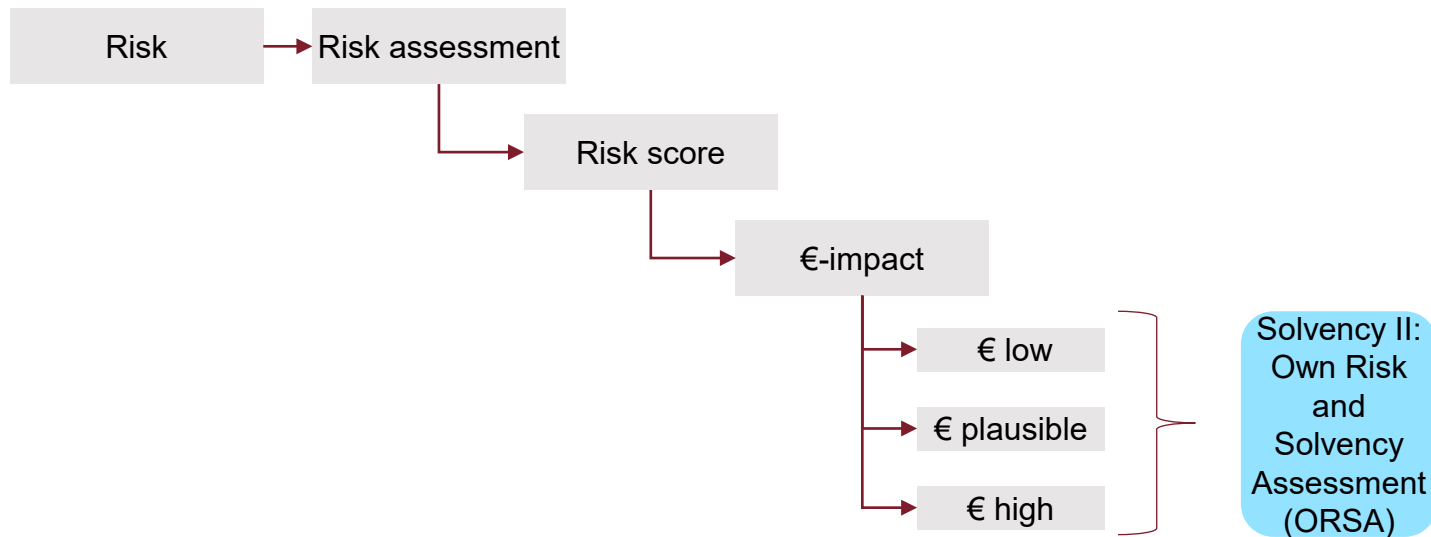
- ▼ Which requirement can be mapped with which object types or which data fields and referenced with what?
- ▼ Can information from other systems / models be used?
- ▼ Especially be careful with: n:m relations and redundancies
- ▼ Many possibilities, but also many error possibilities

GOVERNANCE: OUTSOURCING / SPIN-OFF



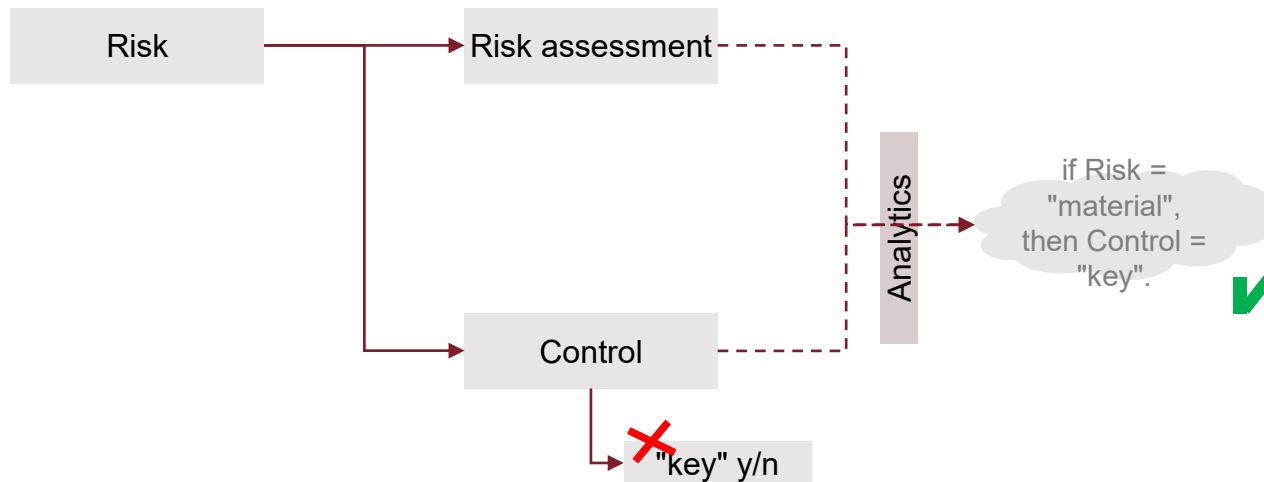
- ▼ Premises: Service provider created as object in Adonis, each service provider has at least one referenced risk object, "risk n:1 service provider".
- ▼ Spin-off risk analysis: "*Risks of the spin-off category*"
- ▼ Outsourcing officers: "*Service provider officers who are referenced to a service provider to which a risk of the outsourcing category is attached*".
- ▼ Service provider as object in Adonis: Advantages with BCM / BIA!
- ▼ Spin-off property directly at the service provider? no, because...
- ▼ Why no object type "service" (referenced to service provider)? no, because.....

GOVERNANCE: SOLVENCY II



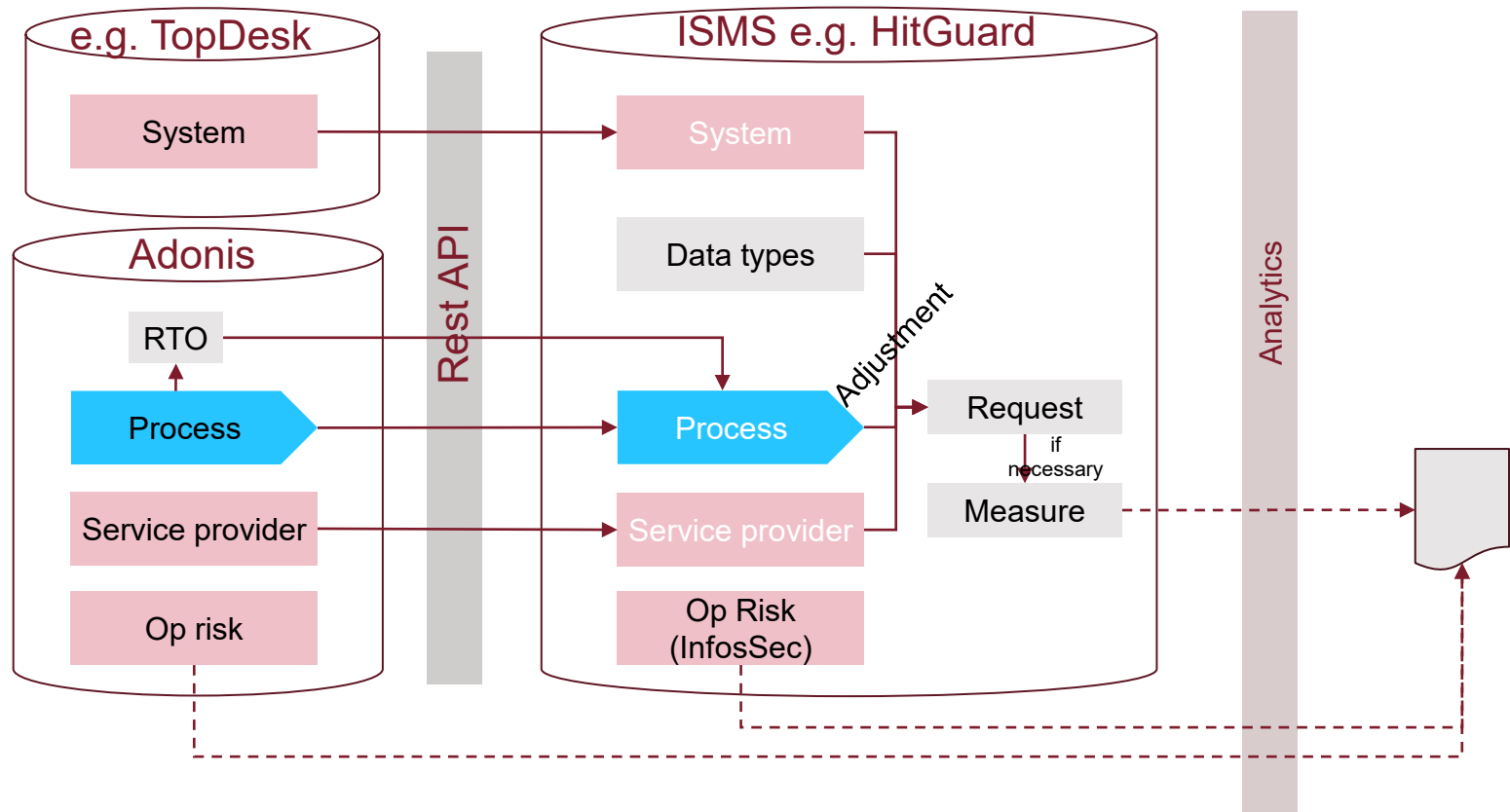
- ▼ Clarification of appropriateness of Solvency II standard formula with regard to op-risk capital:
 - ▼ Three-point estimator on material risks provides part of the basis for calculation

GOVERNANCE: MARISK / MAGO KEY-CONTROL



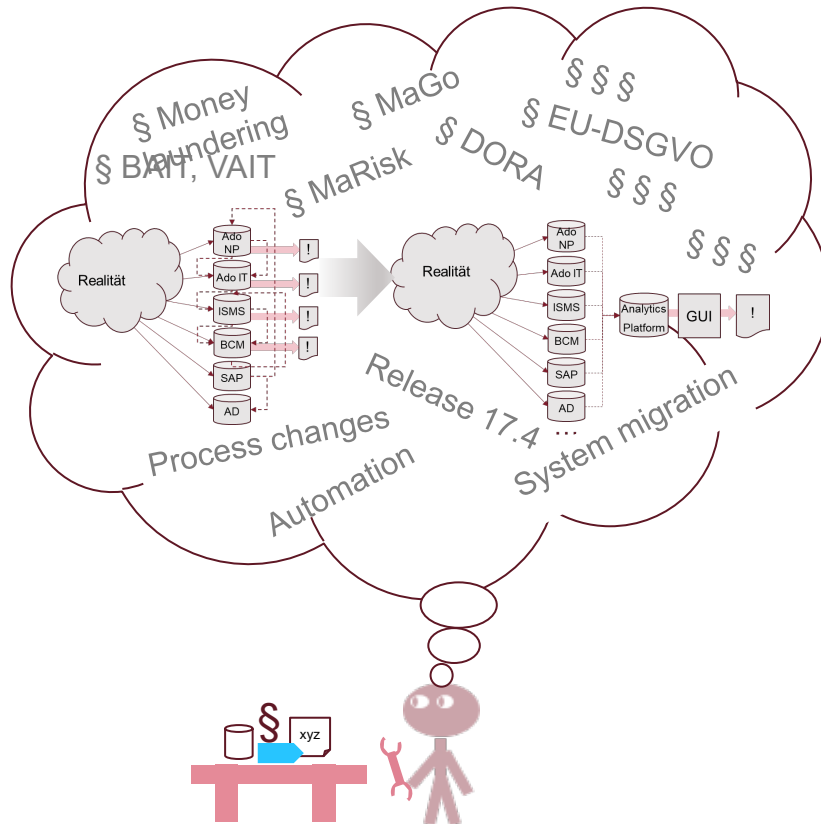
- ▼ Do not maintain the "Key control" feature in the system:
 - ▼ Consider all controls at significant risks as key controls
 - ▼ If the risk assessment is changed, the status "key y/n" changes implicitly; the argumentation is consistent and justified on the basis of the risk description and assessment (risk-based approach).

GOVERNANCE: INFORMATION SECURITY / BCM



- ▼ SSoT for system, process, service provider: Transfer via Rest-API, because the objects in the ISMS are actually addressed as referencable objects.
 - ▼ Select a sensible update cycle for object adjustment!
- ▼ Evaluation via Analytics

MODEL VS. MODELLER



Increasing demands on models

- Complexity
- Scope
- Speed
- Validity

Increasing complexity of tools

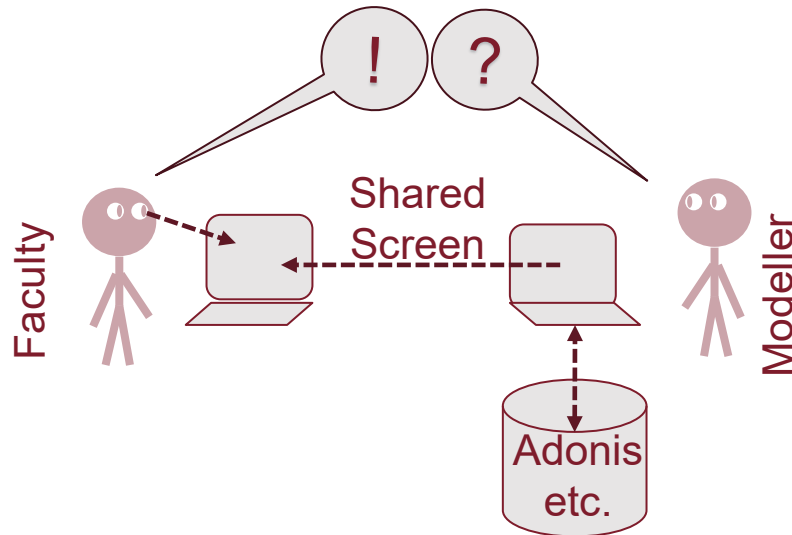
- System integration
- Interfaces
- Functionalities

Increasing demands on employee competence

- Professional
- Logical
- Technical

- ▼ The added value of the systems and their integration is only "potential".
- ▼ Strongly increasing intellectual and IT-technical demands on employees

MODERATED VS. DECENTRALIZED



Faculty

- Expertise
- Overloaded with different applications, constant questions about the tool

Modeller

- Knowledge of methods
 - Moderation
 - Modeling
 - Governance

- ▼ Modeling decentralized by department: modeling quality (BPMN2...)?, governance know-how? Motivation? Time expenditure (coordination loops)?
- ▼ Moderated modelling: department can concentrate on technical issues, no "unnecessary" knowledge required, immediate adaptation "in front of both eyes" = better identification, etc.

CONTACT



Marc Börder-Burmester

- Senior Specialist Operation Risk and BCM
- marc.boerder-burmester@viridium-gruppe.com
- 0173 655 6495