



ADDACTIS Worldwide: the future will bring automation

Mathieu Le Goff, consultant for ADDACTIS Worldwide, says Solvency II has brought a revolution in technology and explains how automation and 'industrialisation' of processes will be the next step



With more certainty around the implementation of Solvency II, have you noticed any change in the atmosphere in the market?

In recent months and years, the uncertainty around Solvency II implementation meant that many insurers, particularly small and medium-sized firms, chose to wait to the last minute to implement projects.

Now that the deadline has been confirmed, we see a lot of companies launching projects. Most of them have already addressed pillar 1, but there were a lot of regulations that they were waiting for, especially around reporting. We now see companies working hard to meet the obligations of all three pillars. Pillar 1 is most advanced, but many are looking at pillar 3 and that is probably the main topic currently.

Insurers are having to deal with a complex web of new regulations. What does software need to do to help them deal with that?

There's not one answer, as it depends on the circumstances at each company. The most important is to produce consistent figures, so a common platform to compute and store figures is helpful, and avoid doing the same calculation many times. Companies need to have calculation engines that are flexible and powerful enough to fit all regulatory and internal requirements.

Reporting software needs to be open enough to manage national and European regulatory as well as internal company reports. Companies need software that follows updates of regulatory requirements, to ensure ongoing compliance.

How do you expect insurers' use of technology to change in the next five or ten years?

Solvency II already brought a revolution. For the coming years, we are clearly entering a new world of big data and IT 'industrialisation'. Insurers will have to automate as much as possible to (i) ensure the quality and auditability of calculations and reports, (ii) save huge reporting costs, and (iii) meet shorter deadlines to report figures to market, regulators or management. We are sure that technology will evolve and firms will be more equipped with tools to meet these requirements.

Can you see a day when a spreadsheet is not the first program that actuaries start up when they want to model something?

We think spreadsheets are convenient tools for all kinds of uses. However, spreadsheets do not offer a lot of features that we think are necessary for

modelling – they are not suited to big volumes or repetitive calculations – and they do not offer traceability of calculations or tracking of changes. Today, many actuaries are working on modelling platforms and the number of actuaries that use tools other than spreadsheets is growing. Spreadsheets will not disappear but maybe they will be less used by actuaries than currently: as automation and input volume increase, the use of other software will increase. Actuaries understand it, and that's why they are asking for solutions like ours.

The company was previously known as Actuaris. Why did you decide to rebrand the business?

Actuaris was the name for our early years of development. We were a subsidiary of a French actuarial consultancy and we thought it was time, after 10 years of successful development of our software, to change our name. We have been very busy during the first half of this year, redesigning the software interface to enhance the user friendliness of our tools. We have also launched new tools, such as a non-life pricing application. Our software is now used in more than 40 countries and it was important to give a proper identity to this activity. Developing and implementing these tools are now specific activities for our consultancy team.

In your modelling of the FIFA World Cup, you correctly picked the final four (Germany, Argentina, Brazil and Netherlands) although you did expect Brazil to come first. Are you happy with the forecast?

Ezra Solomon [a US professor of economics] once said economic forecasts were only invented to make astrology look like a respectable science. Our forecasts are a lot better than astrology! At the start of the World Cup we, along with many others, expected Brazil to come first. But after the pool games we reset our model with the latest information, which gave us the most probable final as Germany vs Argentina, with Germany the most probable winner. So maybe this highlights the fact that you need to update the input data each time you have new information. But we are happy with the forecast - and preparing for the next World Cup. ■

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