Aon's PathWise® Solutions Group Develops World-first IFRS 17 Solution for Kyobo Life

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CHICAGO, May 15, 2017 /PRNewswire/ --

- PathWise platform is 'hundreds of times faster' than legacy systems

Aon Benfield, the global reinsurance intermediary and capital advisor of Aon plc (NYSE: AON), today announces the launch of its PathWise® Solutions Group IFRS 17[1] business solutions package - an integrated enterprise High Performance Computing (HPC) business platform for this important emerging financial reporting framework. The platform has been adopted for IFRS 17 purposes by Kyobo Life Insurance Co, Ltd., one of the three largest life insurance companies in South Korea.

(Photo: http://mma.prnewswire.com/media/510934/Peter_M__Phillips_PathWise.jpg)

PathWise allows businesses to model assets, liabilities, and scenario generators at the same time, thereby providing a complete solution for the managing and reporting of complex financial and biometric risks. The award-winning HPC software[2] runs on Graphics Processing Units (GPUs), giving it a speed advantage over other legacy systems which run on Central Processing Units (CPUs), for all the new calculations required under the IFRS 17 standard.

In addition, unlike many legacy systems all logic and calculations are completely transparent, making PathWise a highly flexible platform which comes with exhaustive audit trails and controls, and which is 'big data' ready out of the box, to help manage all the new assumptions and data required under IFRS 17.

Peter M. Phillips, President and CEO of PathWise Solutions Group, said: "Delivering value and investing in analytics is a core working principle at Aon Benfield. PathWise, with all these unique advantages, has become a fast-growing global business."
Mr. Phillips added: “The platform was the first of its kind in the insurance industry. Having been recently licensed by Kyobo Life, PathWise is enabling Kyobo to achieve significant gains in the speed and efficiency of its financial reporting, risk management processes, new product development and variable product hedging activities.”

PathWise is replacing Kyobo’s existing reserve valuation tool with an end-to-end fully automated system that handles inforce conversion, assumption transformation, scenario generation, stochastic-on stochastic calculations and financial report generation.

The new IFRS 17 accounting standard for insurance contracts requires companies to significantly enhance their valuation systems and processes; specifically in areas such as data management, model management, and computational power for actuarial and asset and liability projections.

Eric Andersen, Chief Executive Officer of Aon Benfield, commented: "Peter has taken PathWise from its infancy to a tool that is now utilised by the some of the largest life insurers in the world. Under his leadership, he and his experienced global team have ensured the product has continued to evolve, as highlighted in the IFRS 17 capability, and in doing so, PathWise has gone from strength-to-strength. I look forward to working closely with Peter in the development of this platform."

Mr. Phillips said: "It has been our pleasure to partner with Kyobo Life to develop the insurance industry's first IFRS 17 platform. Kyobo recognized the importance of properly managing its risks under IFRS 17, and required a quickly deployable, customizable and comprehensive integrated business platform with very strong audit controls. PathWise provides a single, cost-effective scalable solution that meets all of Kyobo Life's risk management standards, satisfies the firm's financial and regulatory reporting needs, and enhances its asset liability management capabilities."

Kyobo Life's entire inforce data has been stored and queried in PathWise Data Warehouse, while PathWise Economic Scenarios Generator has been calibrated to South Korea market data and generates scenarios on the fly.

Bae Woo Soon, Chief Actuary at Kyobo Life, said: "PathWise has greatly reduced the requirement for manual operations, while improving accuracy and efficiency. Prior to implementing PathWise as our company-wide IFRS 17 actuarial system, we relied on multiple solutions to support our financial reporting processes. Using PathWise, we have been consolidating these components into a single controlled system, resulting in huge gains in speed and efficiency for the models that have been migrated. In fact, the PathWise platform proved hundreds of times faster than our legacy CPU solution for valuing traditional blocks of business, reduced variable block valuation run times from 18 hours to less than two hours compared to our legacy GPU based solution, and consolidated more than 200 products into three concise models. We now have the aim of eventually transferring all our products onto PathWise."

PathWise allows for easy maintenance and enhanced model governance, and Kyobo Life employees fully own the
transparent model and reporting logic, which promotes knowledge transfer and technical development among staff members and among different groups inside of companies.

Developed by the PathWise Solutions Group (PSG) in Toronto, the PathWise platform is an integrated GPU-based business solution for life insurance products, and supports new product development, financial and regulatory reporting, enterprise risk management activities, hedge program management and reporting activities.

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance. For further information on our capabilities and to learn how we empower results for clients, please visit: http://aon.mediaroom.com.

Notes to Editors:

IFRS 17[1] - is a forthcoming International Financial Reporting Standard that is anticipated to be released in the first half of 2017. It is intended to replace IFRS 4 on accounting for insurance contracts and has an expected effective date of 1 January 2021.


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