Solvency II Data Solutions

Interactive Data offers a comprehensive approach to managing the data and reporting requirements for asset managers and insurers under Solvency II.

Solvency II is the European-wide regulation for the insurance industry. It encompasses all insurance and reinsurance firms with gross premium income exceeding €5m or gross technical provisions in excess of €25m HQ in EU and subsidiaries outside of the EU. It also applies to European subsidiaries of global insurance companies.

Solvency II: What are the implications for my firm?

- **Asset data requirements** - Higher data volumes and the merging of market and reference data sets that are traditionally processed separately and the implementation of new data attributes and analytics to stress asset values present significant challenges around data quality, complexity, timeliness and operational models.

- **Data governance impact** - Insurers are expected to demonstrate that data used to support the SCR process is ‘accurate,’ ‘complete’ and ‘appropriate.’ Firms therefore need to ensure they have the appropriate data management and quality assurance controls in place.

- **Accuracy in calculating capital adequacy** - Inaccuracies in the identification and valuation of assets could potentially result in too little capital being retained, putting the firm in breach of capital requirement limits, or too much capital being set aside that could otherwise be utilised by the business to generate revenues.

- **More granular and frequent reporting** - Quantitative Reporting Templates (QRTs) and a move to quarterly returns, as well as a reduction in the reporting requirement timeframe from six weeks before end of quarter in year one to four weeks in subsequent years.
Interactive Data: Unparalleled data expertise for Solvency II

Interactive Data provides high-quality reference data on over 10 million financial instruments, and collects, edits, maintains and delivers pricing and pricing-related data from more than 450 markets and exchanges around the globe. The combination of high quality reference and pricing data, coupled to proven analytics can help your firm successfully manage the transition to Solvency II and maintain ongoing compliance.

Data required for Market risk

- Equity Risk
- Interest rate risk
- Credit risk
- Forex risk
- Concentration risk
- Illiquidity risk

Data required for Default risk

- Counterparty default risk
- Concentration default risk

Interactive Data’s unique approach to addressing Solvency II compliance

Interactive Data’s Solvency II approach delivers unparalleled breadth and depth of cross-asset data to enable asset managers and their insurance clients by providing:

- The extensive high-quality asset data required to support the Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR) calculation process under Pillar 1 requirements
- The additional asset data requirements specific to Quantitative Reporting Templates (QRTs) under Pillar 3

Interactive Data’s Solvency II data solution also contains a number of key data attributes and service capabilities required to support Pillar 1 and Pillar 3 requirements.

<table>
<thead>
<tr>
<th>Integrated CIC Code</th>
<th>Legal Entity Identifier (LEI) ISO 17442</th>
<th>Integrated issuer industrial classifications:</th>
<th>Patented, market-leading fixed income evaluations</th>
<th>Integrated, market-leading market and reference data</th>
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</thead>
<tbody>
<tr>
<td>New standard for Solvency II used for QRT reporting</td>
<td>*AVID mapped to LEI</td>
<td>NACE</td>
<td>2.8 m securities per day</td>
<td>Equities</td>
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<td>AVOX (a DTCC company) cleansed organisational hierarchies linked to our instruments’ pricing and reference data</td>
<td>AVOX</td>
<td>SIC</td>
<td>Fair-Value</td>
<td>Bonds</td>
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<td>ISO 17442</td>
<td>NAICS</td>
<td>Duration, Convexity, Option-adjusted Spreads, Key Rates</td>
<td>Futures</td>
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<td>*AVOX unique identifier</td>
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<td>Analytics</td>
<td>Swaps</td>
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<td>Issuer Credit Curves</td>
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<td>Swaps inflow/outflow</td>
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<td>Sensitivity</td>
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*AVOX unique identifier
Complementary Identification Code (CiC)

Interactive Data’s Solvency II solution includes fully integrated mapping logic for the CiC based on the underlying data attributes to support classification of assets under QRT reporting:

- Cross referenced to CFI classifications for ease of implementation
- Applied cross asset classes to include over 2.5 million financial assets

Enhanced entity data management with integrated LEIs

Interactive Data’s Business Entity Service combines our securities master with entity linkages from Avox allowing clients to ‘roll-up’ asset exposures to the issuer and ultimate parent entity. This enables users to understand exposure to a given corporate group through a unique collaborative partnership established over six years:

- Includes support for Avox AVID & LEI (Legal Entity Identifier ISO 17442)
- Fully supports underlying LEI reference data attributes and mapped to Avox cleansed organisational hierarchies to identify concentration and aggregate exposure
- Includes daily deltas to support changes

Consistent global industrial classifications (includes NACE)

Interactive Data provides industrial classifications data including the pan-European classification system (NACE), Standard Industrial Classification (SIC) and North American Industry Classification System (NAICS).

This fully integrated approach provides Interactive Data’s clients with consistency across global entities and mapped to individual assets to enhance sector and geographical analysis:

- Applied at the issuer level for consistency across global asset classes
**Integrated evaluated prices data**

Interactive Data’s patented, independent and industry-leading evaluated pricing service is an integral component of the Solvency II data service, providing prices for instruments not on liquid markets. The processes and workflow providing transparency ensures firms gain:

- The underlying methodology of an evaluated price
- Understanding into how a net asset value (NAV) has been calculated
- Fixed Income analytics to stress test assets and model scenarios to determine impact on portfolio values, and help calculate the correct levels of capital required

For more information, please visit [www.interactivedata.com](http://www.interactivedata.com), email [eu-info@interactivedata.com](mailto:eu-info@interactivedata.com) or call +44 (0)20 7825 7800

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