

LDTI COMPLIANCE

15 CRITICAL QUESTIONS TO ASK



INDEX

WHAT IS LDTI? 3

AREAS TO FOCUS ON

AGILITY 4

EXPERIENCE 5

SOFTWARE EXPERTISE 6

TRANSPARENCY 7

CONNECTIVITY 8

LDTI SOFTWARE CHECKLIST 9

BENEFITS OF CCH TAGETIK 10



LDTI MEANS CHANGE

THE DEADLINE FOR LDTI COMPLIANCE IS JANUARY 1, 2022.* IS YOUR COMPANY READY?

Long Duration Targeted Improvements (LDTI) is the most complex set of FASB standards that the modern insurance industry has ever seen. With the deadline fast approaching, these new regulations will require significant changes to data, processes, and people.

Don't underestimate the impact. LDTI will affect share prices, bonuses, compensation structures, IT infrastructure, portfolio management, and data management.

What's more, because it affects both actuaries and finance, **most companies are still unclear on who should be the owner of these changes.**

You won't know how it affects your business until you actually run the numbers, **so the sooner you start, the better prepared you'll be.**



TOP 3 LDTI CHALLENGES

-  Requires significant changes to data, processes, and people
-  Most legacy software systems were not built to gather/process data in the granular way that LDTI requires
-  Because it affects both actuaries and finance, it's not clear who should be owning LDTI changes

*Due to the COVID-19 pandemic, FASB has proposed delaying the deadline by 1 year and will make a final decision in the Fall.

BE AGILE. BE RESPONSIVE. STAY AHEAD.

LDTI doesn't mean just one change. **Insurers will have to transform people, processes and technology wholesale.** In fact, even now we don't know the exact extent of these changes since the final details of LDTI are still being ironed out. What is clear is that **you'll need a solution that can adapt quickly**, since the faster you're able to adapt to change, the more of a competitive advantage you'll have.



WARNING SIGNS TO LOOK FOR

- 1 IT involvement is needed in order to make changes to your LDTI platform
- 2 You need to learn coding to create your solution
- 3 Your software can't comply with sudden changes to LDTI requirements or other regulations
- 4 Your platform is not scalable



CCH Tagetik is the only solution that gives you the flexibility and agility required for LDTI. You don't have to write a single line of code or buy a different module and you can adapt as the regulations do to stay ahead.

LOOK FOR EXPERIENCE TO MITIGATE RISK

LDTI may be a new piece of legislation, but there are lessons to be learned from previous regulation changes and how companies have dealt with them. If you work with people who have experience with previous regulations, such as IFRS 17, that can be a major benefit when approaching your LDTI project.

ASK YOURSELF...

- 1 Does your solution work with Solvency II?
- 2 Does your solution work with other complex regulations such as IFRS 17?
- 3 Has your solution been used by other organizations like yours?
- 4 Do you have a solution created by a company with extensive market experience?
- 5 Has your LDTI team created solutions for similar regulations?



At CCH Tagetik, we've handled these kinds of changes before. Solvency II, for example, showed that our software can make changes quickly. Lease Accounting (for ASC 842 and IFRS 16) and IFRS 17, demonstrated that our software is flexible and can easily handle complexity.

FIND EXPERTS WHO CAN LEAD THE WAY

It's critical that your LDTI solution provider has expertise, not just in building software, but in how finance and actuarial departments function within insurance companies. That's why we make sure every one of our North America pre-sales consultants has an accounting background or qualifications.

ASK YOURSELF...

- 1 Is your solution provider part of an established company?
- 2 Has your solution been recognized by the Industry for its effectiveness and readiness?
- 3 Will your solution be built by experienced Solution Architects?
- 4 If you consult with a Big 4 advisory, are their experts trained in your solution?
- 5 Do the people you're talking to understand the world of CPM and how LDTI fits into that bigger picture?



At CCH Tagetik, we support our technology with dedicated implementation consultants with advanced knowledge in how finance and actuarial departments function.

TRANSPARENCY MEANS 20/20 VISION

To understand how and why LDTI impacts your organization, you need to understand the data behind the numbers. Just as analysts are looking forward to seeing comparable, transparent figures across the market, you too can get a better understanding of your own business if your solution provides greater transparency.

ASK YOURSELF...

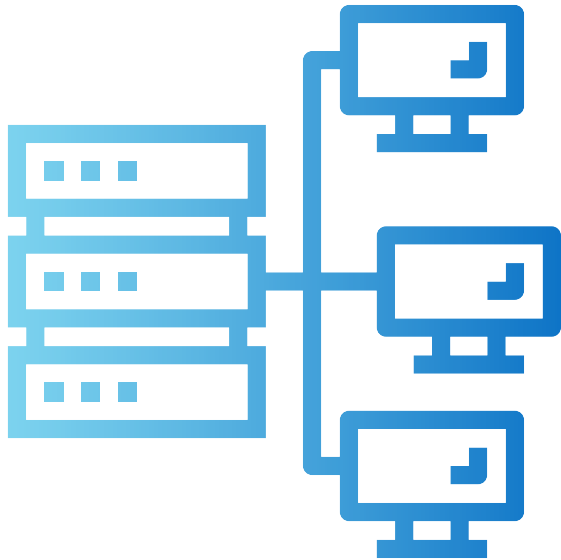
- 1 Does your software offer an easy-to-use dashboard so you can slice, dice and drill down into data?
- 2 Does your solution use sub-ledgers?
- 3 Do you know the Total Cost of Ownership for your solution, including data storage?
- 4 Can you easily see the source of data in calculations?
- 5 Is it easy to carry out What/If modeling based on a range of scenarios?



CCH Tagetik allows you to drill through every number you see, so you know why it's there and where it came from. It's easy because we include the cost of data storage in the cost of your solution, so the data is easily accessible.

A CONNECTED, FUTURE-PROOF PLATFORM? SIMPLE.

LDTI is an opportunity to build a finance and reporting platform that will serve your business for the next 10 years or more. Therefore, it makes sense for your solution to be flexible enough to integrate with other functions, and it should also connect easily to your software and databases, as well as those you'll install in the years to come.



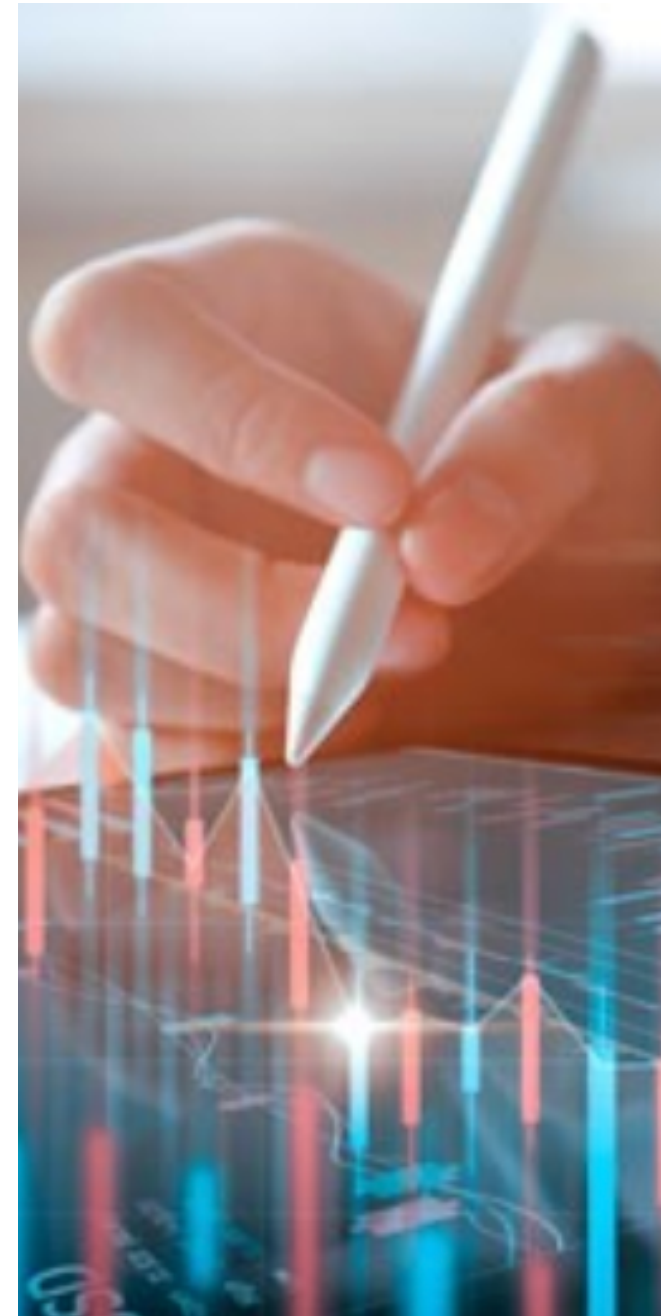
WARNING SIGNS TO LOOK FOR

- 1 You're not able to integrate data from multiple sources into a single, customized dashboard
- 2 It's difficult to transfer data from multiple sources and there are no pre-built ETLs
- 3 Your solution isn't able to connect to leading databases such as SAP HANA
- 4 Your software isn't able to carry out automated disclosure through MS Office
- 5 You need a separate tool to retrieve and push data
- 6 You need to rip out your current ledger

CCH Tagetik gives you a solution that's both comprehensive non-disruptive, and our solution connects seamlessly to other databases and spreadsheets, including SAP HANA, without you having to write a single line of code.

LDTI SOFTWARE CHECKLIST

- CAN INTEGRATE AND NORMALIZE DATA FROM A WIDE-RANGE OF DIVERSE DATA SOURCES
- CAN PROCESS EXTREMELY LARGE DATA SETS GIVEN THE “CONTRACTUAL” NATURE OF THE NECESSARY CALCULATIONS
- ARCHIVES HISTORICAL DATA FOR FUTURE AUDIT REQUIREMENTS
- CALCULATES ALL THE DETAILED INFORMATION NEEDED TO FULFILL LIABILITY FOR FUTURE POLICY BENEFIT (LFPB), DEFERRED ACQUISITION COST (DAC), AND OTHER TRANSITION AND DISCLOSURE REQUIREMENTS
- GENERATES DOUBLE ENTRY POSTINGS IN ORDER TO UPDATE GENERAL LEDGER WITH LDTI ADJUSTED MEASURES
- INTEGRATES RESULT SETS OF LDTI CALCULATIONS WITH FINANCIAL REPORTING AND DISCLOSURE
- SUPPORTS THE USAGE OF BI TOOLS IN ORDER TO PROVIDE OPERATIONAL REPORTING AND DEEPER INSIGHTS INTO YOUR DATA



HOW CCH TAGETIK'S LDTI SOLUTION CAN HELP

NON-DISRUPTIVE APPROACH WITH LOW TCO

CCH Tagetik allows you to configure your implementation based on your specific needs, as well as your business environment and application architecture. This ensures a non-disruptive approach that gives you the freedom to invest in only the functionalities you need.

COMPREHENSIVE AND FLEXIBLE

With configuration, not coding, we'll quickly setup the calculations and reports you need, while shortening the implementation time.

EASY INTEGRATION WITH EXISTING INFRASTRUCTURE

Through its powerful embedded ETL tool, the CCH Tagetik LDTI solution can manage complex volumes and various systems, reducing integration costs and optimizing the approach to inbound/outbound interfaces.

REPOSITORY OF DETAILED INFORMATION

The complete data set, with its entire history, is stored into the system for audit and analysis purposes.

HIGHLY CONFIGURABLE DATA QUALITY TOOLS

Both qualitative and quantitative - prevents errors and ensures top quality of the outputs provided.



[CLICK HERE TO REQUEST A DEMO OF CCH TAGETIK'S LONG DURATION TARGETED IMPROVEMENTS \(LDTI\) SOLUTION](#)





ABOUT WOLTERS KLUWER

Wolters Kluwer (AEX: WKL) enables finance, legal, tax, and healthcare professionals to be more effective and efficient. We provide information, software, and services that deliver vital insights, intelligent tools, and the guidance of subject-matter experts.

We understand the complex challenges that face the Office of the CFO and translate that knowledge into intuitive, enterprise-scale CCH Tagetik performance management software solutions that drive business results. With over 180 years' experience in the markets we serve, Wolters Kluwer is lifting the standard in software, knowledge, tools and education.