



CCH® Tagetik

Preparedness guide for Solvency II reforms in the United Kingdom



The Insurance Industry is poised for a transformative journey with the adoption of Solvency II reforms, as outlined in the pivotal [CP12/23](#) released in January 2024. Spearheaded by the Prudential Regulation Authority (PRA), these reforms signal a paradigm shift, tailoring the Solvency II framework to the intricacies of the UK insurance market.

As the sector prepares for these changes, this comprehensive 12-month preparedness guide offers a strategic roadmap for insurance firms. The guide places a particular emphasis on addressing the formidable data challenges associated with CP12/23 and aims as a navigation guide for insurance firms on how to be best prepared. This transition ensures regulatory compliance, elevates operational efficiency, reduces costs, and mitigates risks, with a focal point on the pivotal role of data.



Perceived data challenges and impact on existing data models



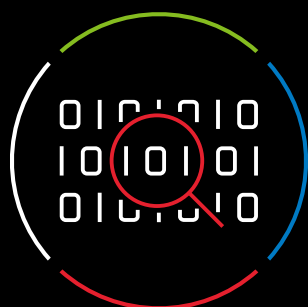
The implementation of CP12/23 introduces a spectrum of data challenges that demand meticulous attention. For instance, the granularity required for new reporting metrics, such as those related to sustainability risks, necessitates an overhaul of existing data models. Firms must enhance granularity to capture nuanced information essential for compliance.

The revised risk assessment methodologies, including the introduction of climate-related scenarios, demand a re-evaluation of risk models. This shift requires an in-depth analysis of data dependencies within risk models and recalibration to accurately reflect the evolving risk landscape.

The incorporation of more sophisticated metrics for assessing the financial health of insurers introduces challenges related to data quality and governance. For example, the expanded focus on non-traditional liabilities, like cyber risks or pandemic-related disruptions, requires a reassessment of data quality controls. Ensuring accuracy and completeness of data, especially in the context of emerging risks, becomes paramount to meeting new regulatory standards.

The diversification of data sources poses another significant challenge. Insurers may need to integrate information from alternative sources, such as environmental databases, for assessing climate-related risks. This expansion demands a re-evaluation of data integration strategies and the implementation of robust data governance frameworks to maintain consistency and integrity across diverse datasets.

These data challenges necessitate not only technological adjustments but also a cultural shift towards a data-centric mindset. Insurers must foster a proactive approach to data governance, instilling a culture that values data quality, accuracy, and timeliness as crucial components of regulatory compliance. The substantial impact of these changes on existing data models underscores the imperative for proactive strategies in data governance, quality assurance, and model recalibration to ensure resilience and compliance throughout this transformative journey from 2024 to 2025.



Key takeaway

The implementation of CP12/23 introduces a spectrum of data challenges that demand meticulous attention. Firms must enhance granularity to capture nuanced information essential for compliance.

Solvency II preparedness timeline

Month 1-3 | January to March 2024

Stakeholder team and regulatory deep dive:

- Emphasise Solvency II reforms, highlighting CP12/23 and forewarning about impending data challenges
- Establish a dedicated team, including data experts, to lead the implementation process and outline critical milestones related to data preparation.

Months 4-8 | April to August 2024

Data impact assessment and internal communication strategy:

- Launch a comprehensive impact assessment, scrutinising existing organisational data processes and systems
- Evaluate how proposed changes in CP12/23 will impact data resources, data quality, and overall data management
- Develop and implement an internal communication strategy, ensuring all departments are well-informed
- Initiate training programs to educate employees on anticipated data-related changes highlighted in CP12/23.

Months 9-11 | September to November 2024

Rulebook changes, active participation in consultation, and readiness for internal models:

- Anticipate the forthcoming PRA Rulebook changes and prepare for the transfer of Solvency II requirements
- Engage actively in the ongoing consultation process, offering valuable feedback and seeking clarification
- Streamline internal models according to the principles laid out in CP12/23
- Prepare for the Analysis of Change (AoC) reporting requirement by developing a robust approach
- Implement final adjustments to systems and processes, ensuring alignment with CP12/23.
- Conduct internal audits to verify preparedness for the imminent regulatory changes.

Month 12 | December 2024

Balanced sheet optimisation initiation:

- Kick-off strategies for balanced sheet optimisation, adapting to the revised regulatory landscape
- Conduct a thorough final review of preparations, making any last-minute adjustments necessary for CP12/23 compliance.

Leveraging technology for seamless transition

The implementation of Solvency II reforms, especially with the complexities outlined in CP12/23, can be significantly facilitated by transitioning from Excel or point solutions to a comprehensive platform such as [Wolters Kluwer's CCH Tagetik](#). Key benefits include:

1 | Centralised data management:

- CCH Tagetik provides a centralised platform, addressing the challenge of fragmented data sources and ensuring data accuracy
- Streamlines data management, minimising the risk of errors and discrepancies.

2 | Cost reduction:

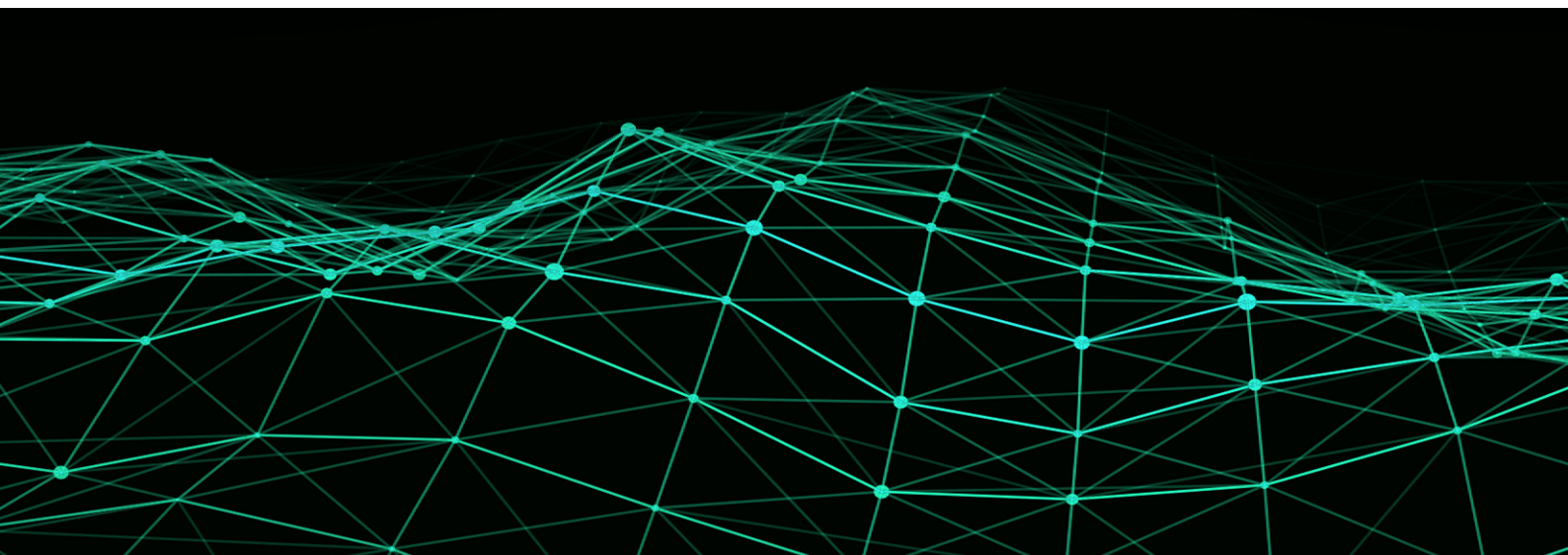
- Transitioning to CCH Tagetik eliminates the need for multiple data-related software solutions, reducing IT overhead
- Improves operational efficiency, leading to cost savings in the long run.

3 | Risk mitigation:

- CCH Tagetik offers a unified and controlled environment, reducing the risk of data inconsistencies
- Enhances data security and compliance, mitigating the risk of regulatory penalties.

4 | Efficiency and collaboration:

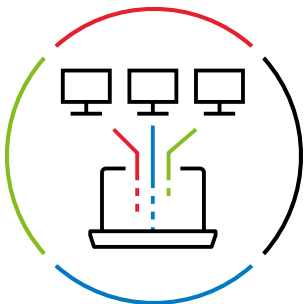
- Enables efficient collaboration across data-dependent departments, fostering a seamless exchange of information
- Improves overall workflow efficiency, reducing the time and effort required for data-related compliance tasks.



Conclusion

In light of CCH Tagetik's extensive experience and successful collaborations with clients navigating the complexities of Solvency II, this 12-month preparedness guide serves as a strategic compass for insurers facing the magnitude of data-related challenges in the regulatory changes, particularly the impactful CP12/23 framework in the UK. Recognising the transformative nature of these data shifts, it underscores the necessity for insurers to embrace innovative technologies.

Leveraging CCH Tagetik's proven track record, the guide highlights how adopting an integrated platform can not only ensure compliance but also enhance operational efficiency and risk management, specifically addressing the unique data challenges associated with CP12/23.



To take the first step towards Solvency II readiness and to witness first-hand how CCH Tagetik can empower your insurance organisation to navigate through these data challenges, contact us:

Request a Solvency II readiness call and demo →