



ORACLE

Oracle for the Insurance Industry

**A platform for the future of finance
modernization in insurance**

Oracle empowers insurance CFOs to modernize finance functions with a modern, unified solution for accounting, performance, risk, and compliance, enabling teams to focus on delivering business insights to the C-suite.



Embrace digital innovation to streamline finance operations and drive business growth

The insurance industry is facing challenges due to digital disruption and changing consumer expectations. Finance teams play a crucial role in helping insurance companies adapt and innovate by providing data and insights for new product development, pricing, underwriting and risk management, while also ensuring compliance and identifying cost savings opportunities.

At the same time, the insurers' traditional finance operating model is evolving—digital innovation and cloud-powered technologies are being used to automate transaction processing, manage data and risk, and enable strategic and actionable insights. This means finance organizations can spend less time processing manual transactions and more time moving the business forward.

“Insurance CFOs recognize the importance of data governance, with 82% viewing finance as the leader in enterprise data. They are taking ownership of robust data to drive new value and improve processes through sophisticated analysis.”

CFO Reimagined, CFO Research Insurance, Accenture

Drivers for making the shift

1 Aging business applications

Many insurance companies struggle to consolidate data from disparate, legacy applications that have been acquired over time from acquisitions and/or new businesses that, if not routinely updated, cannot be used to support financial management accounting or performance management. This ultimately leads to an extensive delay in financial insights, poor data quality, and information latency that can affect their ability to meet regulatory demands—and if not routinely upgraded, these systems become obsolete and costly to maintain, and insurers also lose an opportunity to modernize their business processes.

2 Outdated business processes

Traditional finance and operational processes are becoming outdated, as they can't quickly deliver the level of data and insight that insurance companies need to operate competitively. These outdated processes are often lengthy and manual, are disconnected across people and functions, lack data granularity, and lack purpose-built scenario planning tools to model potential future outcomes.

3 Expanded regulations

Insurance companies are having to adhere to new GAAP / IFRS reporting standards which represent the most significant change to insurance accounting requirements in over 20 years. Insurance companies that let critical data slip through the cracks face costly fines, increased scrutiny, and reputational risk.

4 Lack of adoption of advanced technologies

Many outdated systems lack artificial intelligence (AI) and machine learning (ML) capabilities, hindering innovation and agility by placing a heavier emphasis on manual processes that could be automated. AI and other advanced technologies can help insurers arm them with better, faster decision-making and insights—enabling them to become a provider that is more intelligent, agile and integral to their customers' lives.

Benefits of finance transformation

With less cumbersome systems, you can increase productivity, assure compliance, and empower bold decision-making.

With finance at the center of a trove of data, modernization projects can extract value from that data by providing the following:

Better data availability

Even incremental improvements in data availability will help your institution overcome barriers caused by politics, ownership, disparate systems, and entrenched processes. When data—and access to it—is unhindered, you can have more trust in the accuracy of your findings.

Reliable data quality

Consistent inputs and data hygiene standards also serve to increase trust in the reliability and predictability of your insights. This allows for more action and less unproductive debate about what the data means.

Data integration

With integrated systems, modern finance departments are transforming from number crunchers into storytellers who create a true 360-degree view of the customer.

Data augmentation

When you've got a handle on internal sources, you can add even more value by layering in external data that provides deeper customer understanding and enables predictive modeling.

Security and compliance

It is possible to integrate data security and compliance measures into the process of modernizing a business, without disrupting ongoing operations. By approaching modernization as a continuous process of improvement, rather than a one-time IT project, an organization can be more flexible in meeting current challenges and preparing for future ones. Additionally, modernization can help an organization meet the demands of regulators for more frequent reporting, access to raw data, and specific report templates.

Our platform for finance transformation

Oracle Finance Modernization was created in response to customer requests for the ability to spend more time generating value for their financial institutions. Oracle capabilities for insurance provide a modular, agile approach to modernization so that CFOs and their teams can leverage flexibility, security, and innovation in their workplace.

With a faster way to close the books, finance will be able to better prioritize opportunities while addressing the growing need to contribute to their organization's bottom line. A cloud-first approach allows insurance companies to extend their competitive edge, deploy solutions incrementally, and continuously enhance reporting and processing.



Integrated data management

Integrated data management is essential for insurers to navigate the ever-changing and highly competitive insurance market effectively. With the vast amount of data available today, insurers must collect and analyze data from multiple sources to comprehensively understand their operations, customers, and the market. However, they face a fundamental data management challenge with having data in multiple repositories, including the general ledger, data warehouses, data marts, and spreadsheets.

With multiple repositories, insurers struggle to build a common data model, which leads to the manual reconciliation of data across systems and functions, an expensive and time-consuming process. And the lack of a common or shared view of a financial chart of accounts, cost centers, product definitions, and legal entities across business units and systems causes additional challenges. Insufficient data management can result in delayed responses, noncompliance and fines, as well as hindering effective risk evaluation, underwriting decisions, business strategy development, and loss of valuable customer insights.

Oracle Insurance Data Foundation (OIDF) is a comprehensive reporting and business intelligence tool that enables insurers to deploy a pre-built, self-service analytics data platform that addresses key analytical use cases for risk, finance, compliance, and customer insight. This allows insurers to have a complete and accurate view of their data, which can be used to make informed decisions, improve customer service, and comply with regulatory requirements.





Centralized financial accounting

Insurance companies that use multiple general ledgers often struggle with legacy systems that are difficult to operate and maintain, and have no upgrade path. This leads to a lack of confidence in the accuracy of their data. Additionally, their charts of accounts may not reflect current business needs. Insurance companies also have to deal with complex data mapping and custom-built interfaces that are difficult to audit, and the data from these sources cannot support detailed financial and management accounting, performance management, or risk management.

As part of the financial close, many manual adjustments are made to produce the required reporting and output, making it challenging for finance teams to meet complex accounting requirements such as IFRS 17 or LDTI. Business units often spend most of their time on data entry, correction, and reconciliation, rather than analyzing the results to guide key decisions.

Oracle Fusion Cloud Enterprise Resource Planning (ERP) is a modern finance platform with standardized processes, quarterly updates, and continual innovation. It provides a centralized accounting rules engine and a framework for a common chart of accounts, and integrates seamlessly with the general ledger.

Multidimensional profitability analytics

The insurance sector experiences fluctuations in profits due to factors such as market instability, changes in interest rates, increased pricing, significant losses, and market disruptions. To grasp profitability effectively, companies need to go beyond just considering the consolidated underwriting profit/loss, operating income, or net income. By having a more comprehensive understanding of profitability, insurance firms can quickly assess, consider options and act on changes to proactively manage their operations.

In order to evaluate opportunity for growth, sustainability, market change, and adaptability, insurers need a 360-degree view into their profitability to acquire new customers, cross-sell, provide differentiated service, and make necessary pricing adjustments for increased profitability. They need an integrated solution that connects the general ledger, account-level, and statistical data together to determine how revenues are impacted, how well claims are being addressed, expense control, and identifying risk areas.

Profitability and Cost Management Cloud Service (PCMCS), a purpose-built process available in Oracle Fusion Cloud Enterprise Performance Management (EPM) provides insurance companies with a solution to significantly automate and take ownership of allocation-based business processes such as customer/product profitability, management allocations, shared service costing, and cost transparency initiatives.

Profitability and Cost Management provides actionable insight into allocation based business processes by seamlessly combining data from the general ledger and other financial systems with data from operational systems. PCMCS can make insurers more effective and provide greater insight into profitability and costs within key business dimensions.





Connected planning and forecasting

As the insurance environment continues to change at an increasing pace, the ability to act quickly is more critical than ever. Planning cycles have increased in frequency, and many insurance companies struggle to manage change due to fragmented data and systems that limit visibility across the business. Connecting financial, operational, and line-of-business planning brings together discrete planning processes, helping insurance companies plan across the entire organization.

Oracle Cloud EPM offers a specific solution for both finance and operational planners in insurance. Oracle Cloud EPM includes integrated predictive planning processes for creating fully integrated financial statement plans across the income statement, balance sheet, and cash flow. Prebuilt planning processes for lines of business include financial workforce planning for compensation spend by employee and strategic workforce planning for HR-based skills and competency planning.

Oracle Cloud EPM provides project financial planning and capital asset planning to help businesses analyze the impact of new and existing assets and projects. Its scenario modeling capabilities allow businesses to quickly create unlimited scenarios for key risk areas such as asset risk, underwriting risk, and credit risk to understand their impact on financials, and gain insight into risk-based capital and solvency by combining risk scenarios to understand the combined impact on the company's long-range plan and initiatives.

Additionally, it allows to perform reverse stress tests to determine factors causing insolvency. This scenario planning can be an effective tool for insurance companies to evaluate the potential risks and opportunities of a potential M&A deal and make informed decisions about whether to proceed and how to structure the deal. Additionally, strategic planning can help insurance companies identify potential areas of concern and develop contingency plans to mitigate risks, ensuring that they are well-prepared for a range of potential outcomes.



Risk management and regulatory reporting

The pace of change for insurance regulatory functions will continue to accelerate—leaving insurers to turn this change into an opportunity to improve their risk management and reporting abilities. Having already taken effect earlier in January 2023, IFRS 17 and GAAP LDTI represents a dramatic departure in how insurers currently recognize and report revenue. The standard requires close collaboration and data sharing amongst an insurer or reinsurer’s risk, finance, and IT functions to estimate, measure, and disclose reporting for insurance contracts.

IFRS 17/LDTI demands insurers are both flexible and scalable across the accounting engine, actuarial engine, data management, and reporting system. Time is of the essence. Move beyond discussing theory and tackle the accounting standard’s complex nature by engaging in the practical effort now. Because IFRS 17 and LDTI disrupts so many parts of the business, insurers are staying focused on addressing critical challenges by working towards alignment of the underlying processes and data flow.

Data overhaul, from sourcing to validation and mapping, is proving to be by far the most complex and time-consuming activity for IFRS 17 and LDTI. Oracle Financial Services regulatory and accounting solutions provide a prebuilt, comprehensive analytics and data platform that’s designed to comply with regulatory requirements, such as IFRS 17 and LDTI, today and in the future.



Procurement and cost management

Insurers that used more traditional cost management methods in the past can now use digital solutions to achieve significant savings and enable new business models. Cost management practices and approaches have become increasingly sophisticated, with cloud-based digital solutions representing the most advanced level of cost management.

Oracle Fusion Cloud Procurement increases user engagement and collaboration, and helps organizations streamline, standardize, and automate the source-to-settle process and routine transactions, resulting in lower costs and higher staff satisfaction. It includes supplier management, sourcing, and contract management, and provides AI/ML capabilities in the procure-to-pay cycle to automate matching and decision-making in credit, market, and fraud management.

Oracle Fusion Expenses Cloud is a complete solution for digital expense management that gives employees easy data entry options and gives financial managers detailed spend information and policy-driven control. Online, mobile, and spreadsheet entry options automate travel entry and approvals, reducing administrative work while capturing essential data for effective cost management.



Finance transformation in focus

See how a large, global insurance company transformed their finance function with Oracle

Business challenges

- Common ERP platform across all entities
- Achieve standardized processes to drive consistency and transparency
- Obtain a system to improve decision making with predictive business insights with red flags
- Real-time view on costs, revenues, assets and resources
- Data transparency, auditable and trackable at transactional levels. Strong control on financial and operational KPIs
- Reduce all manual intervention processes

Value realized

- Strong foundation established for the planned shared services and for future expansions through standardized processes and modern user experience
- Considerable improvements noticed in functional processes such as A/P, A/R, HR admin, etc., which has allowed the organization to do More with less—saving on resources
- Increase in employee experience and morale through best-in-class user experience, embedded analytics and other modern features
- Enhanced IT security and improved auditability, thus increasing the confidence of all stakeholders in data accuracy and transparency

33%

reduction in balance closing days

67%

reduction on fixed assets depreciation calculation days

86%

reduction on audit duration months

“Earlier the financial consolidation was 100% manual with human errors and bugs affecting efficiency, accuracy and analysis...The IT security for our business-critical applications is enhanced. We can feel secure about the data, it’s accuracy and transparency along with the relevant controls.”

Finance Team

Move forward with a breakthrough solution

In a world where technology is increasing the gap between digital leaders and laggards, the finance function plays a critical role in ensuring that insurers do not fall behind. This means that CFOs will need to confront difficult technology and human challenges while meeting finance's intensive business-as-usual demands.

Oracle offers a complete suite of modern finance solutions across finance, treasury, risk, planning, and accounting, providing robust analytics and meaningful insights to the CFO's office. With the Oracle Finance Modernization for insurance solution, your workforce can use the same dataset to forecast and plan at a granular level, offering detailed business, segment, and customer analysis.

Learn more

The time to modernize your finance and risk management is now

[Explore our finance modernization hub](#)

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