

FULCRUM

COMPRESSION TOOLKIT AND SERVICE



Life insurance technology tailored to meet regulatory changes and lower cloud spend.

Leveraging cloud computing services has gained momentum in the life insurance industry, especially during this new normal. However new regulatory and financial reporting requirements are highly geared towards stochastic models and put significant strain on actuarial calculation engines — generating long run times for valuation and hedging systems. As a result, the pay-as-you-go, variable cost of cloud execution has become increasingly expensive for enterprises, with some insurers quoting expected cloud-based execution costs of \$5 to \$10 million annually.

Our industry-leading Compression toolkit can reduce computing costs by up to 97%, while having a less than 10 basis points reduction in accuracy

A GAME-CHANGER FOR POLICY VALUATION

Oliver Wyman Fulcrum can support tech leaders with these challenges. As part of our offering, we have developed the Fulcrum Compression toolkit and service — a game changer which allows insurers to reduce their cloud spend by up to 97%, without losing the accuracy required for financial reporting, planning and stress testing. We can help your organization manage the metrics, policy valuations, models and run times for financial reporting requirements (for example, Principle-Based Reserves, IFRS 17, GAAP LDTI) and the complexities associated with stochastic models. Our solution offers sophisticated algorithms and technology, coupled with our actuarial and insurance expertise.

After determining the data and metrics you want to target, Fulcrum can compress the policy in-force 100 to 500 times and run the compressed data in less than an hour. This equates to a fraction of underlying cloud computing costs. For example, our powerful technology has compressed actuarial calculations on seriatim liabilities for one million policies into a smaller representative set of 10,000 with virtually no distortion of model results — reducing clients' run times and cloud spend by 97%.

Using our Fulcrum Compression toolkit and service you can:



Save
on both cloud and on-prem computing



Achieve
high levels of accuracy



Implement
compression quickly



Continue
to use your existing modelling tools

MAXIMIZE OPERATIONAL EFFICIENCY

Our Compression toolkit and service is currently being used by the largest insurers in North America, licensed as a turnkey software-as-a-service (SaaS) solution or being deployed on-site and customized to their operations. One automated workflow encompasses all data import and valuation tasks and can be completed using your organization's existing valuation system. Compressed portfolio results (that meet your targets) are delivered within minutes or hours, instead of days or weeks. The extensible framework allows for additional analysis for management reporting.

Fulcrum can be deployed rapidly and integrated seamlessly with your existing valuation platforms

Drive significant efficiency and cost savings

Below is an illustrated case study from one of the largest insurers in the US. Using Fulcrum Compression for a single product, the insurer reduced run time and significantly saved on computing costs.

Case Study

CURRENT VALUATION PROCESS

3250

CPU Hours (per run)

40 HOURS

Elapsed run time (per run)

\$1,250,000

Approximate annual execution cost

USING FULCRUM COMPRESSION

78

CPU Hours (per run)

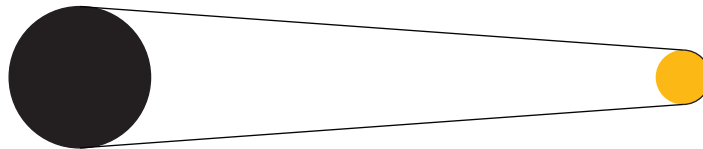
8 HOURS

Elapsed run time (per run)

\$50,000

Approximate annual execution cost

VS



Annual cost assumes 20 runs per month at a cost of \$1.60 per CPU hour

GET STARTED WITH FULCRUM

Fulcrum is Oliver Wyman's proprietary platform where strategy and execution meet.

Fulcrum offers solutions across many areas of insurance including data management, new product development, policy compliance, platform migrations, portfolio compression, hedging and analytics. Our set of proprietary tools combined with Oliver Wyman product and industry expertise allows clients to maximize operational efficiency.

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