



Novae Group transforms its Capital Planning process using Schematiq

Overview

Novae Group wanted to enhance their Capital Planning process because the amount and complexity of data meant that their models could only be updated a few times a year

The solution

Schematiq's live Data-Links overcome error-prone and time consuming manual processes in spreadsheets and its powerful data-handling functionality greatly reduces the complexity of the model

The benefit

The Capital Planning reports can now be updated faster, with fewer errors and improved transparency. Control is improved as Schematiq manages and audits all future modifications and updates

Novae Group, a Lloyd's of London insurer, has been listed on the London Stock Exchange since 1998 and wrote premiums of over £900m in value in 2016.

The specialist insurer had started an enhancement program for its capital planning process with the aim of providing both additional detail and an increased frequency of reporting on expected revenues and costs over the following five years. To achieve this, the capital planning model brought data in from all over the business, including income from premiums, brokerage and investments, as well as costs from claims, operating costs and other various one-off expenditures. To add to the complexity, the data needed to include both actual historic figures and future predictions based on numerous assumptions.

When developing this complex model, the obvious tool to use was Microsoft Excel, not only because the majority of existing data was in spreadsheets, but also because it provided a transparent, interactive platform on which to evolve the calculations.

The difficulties the enhancement program faced were rooted in the updating of the model. The complete set of actualised costs and incomes, projections and assumptions all needed modifying when a new set of figures were needed and the effort to update all the data took up to a week to complete.

This amount of effort, in turn, meant that the model was only being updated a few times a year. And, a lot can happen in a year - large claims, market outlooks, foreign exchange and interest rates can all have big impacts on capital forecasts, and ideally when a big change hits, the model should be recalculated - but given the constraints on Excel, meeting desired internal deadlines was proving challenging.

“Overall Schematiq was able to effect a step-change in the Capital Forecasting capability by reducing the time taken updating results, allowing simplification of calculations and thereby increasing the understanding of the reported figures.

—James Kenney, Chief Investment Officer, Novae Group,

Goals

The first goal for improving the capital planning model was to ensure all the corporate data could be easily updated and verified. With that done, the model could be run more frequently and stay up-to-date.

Secondly, the complexity of the model was making it difficult to understand for those who had not been close to the initial development. Making the flow of calculation simpler would both help to understand the underlying business drivers and also reduce the time needed to check for mistakes.

Lastly, as the model was working and the business was happy with the reports, there was no appetite to start again from the ground-up. Any improvements had to be built on the logic that was already there and maintain the transparency associated with an Excel model. In addition, it was important that any changes to the model could be tracked, controlled and auditable.

Solution

Schematiq was the perfect solution for Novae because of the functionality it offers, and for the way it allows you to approach just such a problem.

Schematiq seamlessly introduces functions into Excel that creates connections to multiple external sources and then allows the handling of large amounts of data directly within a workbook. This means that all the effort copying and pasting data from other sheets was removed, and direct links to the relevant data established instead.

The model also became easier to understand; by using Data-Links to externalise the data a clear delineation between inputs, assumptions, calculations and outputs was created. This, in turn, simplified the formulas making them easier to understand and made the process of validation vastly less time-consuming.

As for the incremental approach, Schematiq runs alongside Excel and new functionality can be introduced into existing workbooks, and new results compared side-by-side in a familiar format ensuring all users are happy with the new improved version.

Benefit

Overall Schematiq was able to effect a step-change in the Capital Forecasting capability by reducing the time wasted updating results, allowing simplification of calculation and thereby increasing the understanding of the reported figures.

For more information

To learn more about how HTI Labs can solve the biggest Excel Challenges for Insurance firms, please visit: www.schematiq.com/insurance