

# **Oracle Insurance Accounting Analyzer Application Pack**

**Release Notes**

**Release 8.0.9.0.0**

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**ORACLE**  
Financial Services

Oracle Insurance Accounting Analyzer Application Pack

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# Document Control

Version Number	Revision Date	Change Log
1.0	Created: February 2020	Captured new features, fixed issues, limitations, and known issues for products in Oracle Insurance Accounting Analyzer Application Pack.

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# 1 About the Guide

This section provides release information for the Oracle Insurance Accounting Analyzer Application Pack and includes the following topics:

- [Purpose of This Document](#)
- [Intended Audience](#)
- [Documentation Accessibility](#)
- [Access to Oracle Support](#)
- [Related Information Sources](#)

## 1.1 Purpose of This Document

This document contains release information for the Oracle Insurance Accounting Analyzer Application Pack product.

## 1.2 Intended Audience

This document is intended for users of Oracle Insurance Accounting Analyzer Application Pack.

## 1.3 Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.https://www.oracle.com/corporate/accessibility/>.

### 1.3.1 Access to Oracle Support

Oracle customers have access to electronic support through My Oracle Support. For information, visit <https://www.oracle.com/corporate/accessibility/learning-support.html#support-tab>. Or, visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs> for the hearing impaired.

## 1.4 Related Information Sources

You can access the following online documents from the Oracle Help Center (OHC) Documentation Library for [Oracle Insurance Accounting Analyzer Application Pack](#):

- [Oracle Insurance Accounting Analyzer Release Notes](#)
- [Oracle Insurance Accounting Analyzer Installation Guide](#)
- [Oracle Insurance Accounting Analyzer User Guide](#)

You can access the OFS AAI documentation online from the OHC Documentation Library for [OFS AAI](#):

- [OFS Advanced Analytical Applications Infrastructure \(OFS AAI\) Application Pack Installation and Configuration Guide](#)

- [OFS Analytical Applications Infrastructure User Guide](#)

The additional documents are:

- [OFSAA Licensing User Manual, Release](#)
- [OFS Analytical Applications Infrastructure Security Guide](#)
- [OFSAAI FAQ Document](#)
- [OFS Analytical Applications Technology Matrix](#)
- [Oracle Insurance Accounting Analyzer Technical Documents](#)

## 2 Introduction to Oracle Insurance Accounting Analyzer Application Pack

IFRS 17 and LDTI are new accounting standards that supersede the current existing practice. The new standards provide the users of financial statements with a new perspective of the financial accounts of insurance companies.

Insurance companies must identify the risks that arise from the insurance contracts along with the calculation of assets and liabilities. IFRS 4 was introduced in March 2004 and was intended to provide limited improvements to accounting for insurance contracts. IFRS 4 permitted companies to continue previous accounting practices for insurance contracts but did enhance the disclosure requirements.

IFRS 17 standards, released in May 2017, supersede the current reporting standards in IFRS 4 on accounting for insurance contracts and have an effective date of 1 January 2021. The new standards provide users of financial statements with a new perspective of the financial accounts of insurance companies. IFRS 17 introduces an approach that tackles some challenges in accounting for insurance contracts currently addressed inconsistently when a company applies IFRS 4.

- IFRS 17 provides updated information about the obligations, risks, and performance of insurance contracts.
- Increases transparency in financial information reported by insurance companies, which give investors and analysts more confidence in understanding the insurance industry.
- Introduces consistent accounting for all insurance contracts based on a current measurement model.

Amendments in LDTI apply to all insurance entities that issue long-duration contracts and emphasizes on the following

- Improves the timeliness of recognizing changes in the liability for future policy benefits and modify the rate used to discount future cash flows
- Simplifies and improves the accounting for certain market-based options or guarantees associated with deposit (or account balance) contracts
- Simplify the amortization of deferred acquisition costs
- Improve the effectiveness of the required disclosures.

### 2.1 Why Oracle Insurance Accounting Analyzer?

Oracle Insurance Accounting Analyzer application enables compliance to accounting standards for insurance contracts issued by FASB and IASB. The solutions help them adhere to the disclosure requirements as proposed under these standards. IFRS 17 requires insurance companies to have consistent accounting standards for the insurance contracts which ensures timely recognition of losses in the book of accounts. Insurance companies are required to identify and report the Fulfillment Cash Flows and Contractual Service Margin at every reporting date, based on the current market conditions. Oracle Insurance Accounting Analyzer application helps the organizations to conclude the insurance obligations (insurance contract liabilities reported on the balance sheet), using different methodologies for a set of portfolios, by assessing the net liability for every insurance contract.

IFRS 17 standard also requires the entities to perform initial recognition of insurance contracts and execute periodical re-assessment of the insurance liabilities, based on the current assumption sets. The insurance liabilities are presented in every reporting period and those reflect the change in the amount since inception. The profitability of insurance contracts is amortized over the duration of the contract, based on the services provided. One of the critical requirements of IFRS 17 is to estimate the measurements at the most granular level, rather than at the aggregated portfolio level. Groups are formed with a portfolio to reflect the insurance contract that shares similar risks. The financial report separately showcases the asset and the liabilities of the groups of contracts. This primarily involves showcasing the insurance and finance results separately per insurance groups.

The Oracle Insurance Accounting Analyzer with the LDTI solution provides the capability to execute the calculations of disaggregated liability estimates with calculation logic easily configured for different product types. The calculations can be executed at the granularity chosen by the user based on the business needs. The solution also supports the calculation of the net premium and the retrospective calculations based on the standard requirements. The solution also comes with multiple out of box reports to adhere to the standard enhancement.



## 3 Oracle Insurance Accounting Analyzer Release Notes 8.0.9.0.0

Oracle Insurance Accounting Analyzer Release 8.0.9.0.0 is a separately licensed product.

Patch ID 30796661 - OFS IIA Pack Release 8.0.9.0.0 is cumulative of all enhancements and bug fixes are done since the 8.0.8.0.0 release.

This chapter includes the following topics:

- [New Features](#)
- [Known Issues / Limitations](#)
- [Prerequisites](#)
- [How to Apply this Minor Release?](#)
- [Post Installation Steps](#)

### 3.1 New Features

Oracle Insurance Accounting Analyzer bundles the following new features in version 8.0.9.0.0:

- **Long Duration Targeted Improvements (LDTI)**
  - New Long Duration Targeted Improvements reports are added. A few existing reports are renamed. The new reports are as follows:
    - Disclosure Reports
      - Roll Forward – Premium and Benefits
        - Disclosure of Information about the Liability for Future Policy Benefits (LFPB) Roll Forward
      - Roll Forward – Commission and Expenses
        - Balance of and Changes in Deferred Acquisition Costs (DAC) Roll Forward
    - Ledger Balances
      - Present Value of Expected Net Premium
      - Ledger Closing Balances
    - Ledger Balances by Event
      - Present Value of Expected Net Premium
    - Adjustments and Allocations
      - Cohort Adjustment
  - For LDTI, the following calculations as per guidelines specified by IFRS 17 are introduced:
    - Calculation of net premium ratio and net premiums
    - Calculation of retrospective calculation of deferred profit liability

- **Discounting Engine**
  - Calculation of input variables for direct and reinsurance contracts as per guidelines specified by IFRS 17 are introduced: The calculation includes:
- Calculation of the input variable that includes aggregation, PV of assumed, and actual cash flow for contracts/cohorts.
  - Calculation of Interest Accretion: Calculation of the Interest Accretion as per guidelines specified by IFRS 17 is introduced. New macros, *Interest Accretion Using Locked In Rate*, and *Interest Accretion Using Start Of Report Period Rate* are introduced to support this calculation.
  - Calculation of Monthly Forward Rates: Calculation of monthly forward rates from spot rates as per guidelines specified by IFRS 17 are introduced.
- **Risk Adjustment**
  - You can calculate the risk adjustment amount by multiplying selected cash flows with a constant factor for different effective dates as per guidelines specified by IFRS 17. A new macro, *Adjustment Factor*, is introduced to support this calculation.
- General Measurement Model, Variable Fee Approach, Premium Allocation Approach, and LDTI templates are enhanced.
- The sub-ledger functionality is enhanced with the Excel feature.

For detailed information on the usage of the application features, see [Oracle Insurance Accounting Analyzer User Guide](#) Release 8.0.9.0.0 in OHC Documentation Library.

For more information on the OFS AAI requirements, see [OFS Advanced Analytical Applications Infrastructure Application Pack 8.0.9.0.0 Release Notes](#) in OHC Documentation Library.

## 3.2 Known Issues / Limitations

The known issue/limitation for the release 8.0.9.0.0 is:

Bug Number	Comments
30961583	Retrospective Re-Insurance is not Available Under the Discounting Feature

## 3.3 Prerequisites

For prerequisite information, see [Oracle Insurance Accounting Analyzer Installation Guide](#) Release 8.0.9.0.0 in OHC Documentation Library.

## 3.4 Applying this Minor Release

For detailed instructions on installing this Minor Release, see [Oracle Insurance Accounting Analyzer Installation Guide](#) Release 8.0.9.0.0 in OHC Documentation Library.

**NOTE**

In an environment consisting of multiple OFSAA applications, if the October 2020 Critical Patch Update is applied for any one application, it is mandatory to apply the respective October 2020 Critical Patch Updates for all other applications on that OFSAA instance, regardless of the application's version. See the My Oracle Support Doc ID [2724021.1](#) for details.

## 3.5 Post-installation Steps

Perform the post-installation steps mentioned in the Post Installation Configuration section in [Oracle Insurance Accounting Analyzer Installation Guide](#) Release 8.0.9.0.0 in OHC Documentation Library.

### OFSAAI Support Contact Details

Raise an SR in <https://support.oracle.com> if you have any queries related to EPM, ERM and FCCM applications.

## Send Us Your Comments

Oracle welcomes your comments and suggestions on the quality and usefulness of this publication. Your input is an important part of the information used for revision.

- Did you find any errors?
- Is the information clearly presented?
- Do you need more information? If so, where?
- Are the examples correct? Do you need more examples?
- What features did you like most about this manual?

**If you find any errors or have any other suggestions for improvement, indicate the title and part number of the documentation along with the chapter/section/page number (if available) and contact the Oracle Support.**

Before sending us your comments, you might like to ensure that you have the latest version of the document wherein any of your concerns have already been addressed. You can access My Oracle Support site which has all the revised/recently released documents.

