Oracle® Insurance Accounting Analyzer Pack

Release Notes

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Oracle Insurance Accounting Analyzer Pack Release Notes, Release 8.1.2.5.0

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About This Guide

This guide provides information on the newly released Oracle Insurance Accounting Analyzer Application.

Audience

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

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc.

Access to Oracle Support

Oracle customers that have purchased support have access to electronic support through My Oracle Support. For information, visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info or visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs if you are hearing impaired.

Related Resources

See these Oracle resources:

- Oracle Insurance Accounting Analyzer Application
- Oracle Financial Services Analytical Applications Infrastructure
- OFSAA Licensing Information User Manual Version 8.1.2.0.0
- OFS Analytical Applications Infrastructure Security Guide
- OFS Analytical Applications 8.1.x Technology Matrix

Conventions

The following text conventions are used in this document.

Convention	Meaning
boldface	Boldface type indicates graphical user interface elements associated with an action, or terms defined in text or the glossary.
italic	Italic type indicates book titles, emphasis, or placeholder variables for which you supply particular values.
`monospace`	Monospace type indicates commands within a paragraph, URLs, code in examples, text that appears on the screen, or text that you enter.

Intended Audience

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

Access to Oracle Support

Oracle customers have access to electronic support through My Oracle Support. For information, visit http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info if you are hearing impaired.

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 AAAI) 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
- OFS Analytical Applications Technology Matrix
- Oracle Insurance Accounting Analyzer Technical Documents

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 on 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 gives 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 emphasize the following:

- Improves the timeliness of recognizing changes in the liability for future policy benefits and modifies 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.

Why Oracle Insurance Accounting Analyzer?

Oracle Insurance Accounting Analyzer Application enables compliance with 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 reassessment 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 liabilities of the groups of contracts. This primarily involves showcasing the insurance and finance results separately per insurance group.

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.

What is New in this Release

Oracle Insurance Accounting Analyzer bundles the following new features in version 8.1.2.5.0:

- Risk adjustment factors can be given at cohort granularity, a new table called **Stg_Ins_Adj_Fac_Grp_Scn_Map**has been introduced and needs to be filled in addition to the existing **Stg_Ins_Adj_Fac_Grp_Scn_Map** and **Stg_Ins_Adj_Factor_Master** tables to enable usage of risk adjustment factors per cohort.

- A new function called **Sum Product** (sum of products) has been introduced for reinsurance-held calculation templates, this function can be applied on macros that fetch values of underlying direct insurance cohorts mapped to the reinsurance-held cohort.
- In LDTI convention templates, net premium ratio can be computed for the desired actuarial assumption. *Net Premium Ratio - Inception Rate* and *Net Premium Ratio - Subsequent Report Period Rate* have been added for the same and these can be selected along with the desired actuarial assumption within the calculation template expression builder.

Deprecated Features

There are no deprecated features in this release.

De-supported Features

There are no de-supported features in this release.

Installing this Maintenance Level Release

For detailed instructions to install this Maintenance Level Release, see the Oracle Insurance Accounting Analyzer Installation Guide Release 8.1.2.2.0.

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Oracle Insurance Accounting Analyzer Release 8.1.2.5.0

Oracle Insurance Accounting Analyzer Release 8.1.2.5.0 is a separately licensed product.

35927280- OFS IAA Pack Release 8.1.2.5.0 includes all enhancements and bug fixes that are done since the 8.1.2.4.0 release.

Bugs Fixed in this Release

The following bugs are fixed in this release:

Table 2-1 The List of Fixed Bugs in Release 8.1.2.5.0

Sr.No.	Bug ID	Description
1	36410015	BANDS TABLE NOT GETTING POPULATED CORRECTLY
2	36407467	GETTING WRONG LOA TEMPLATES AFTER MIGRATING DEV TO TEST ENV
3	36391531	FORWARD PORT BUG - MISMATCH IN TOTAL INSURANCE SERVICE EXPENSE AND INSURANCE SERVICE EXPENSES PROFIT AND LOSS VALUE
4	36387569	DUPLICATE ROWS IN FSI_RI_LC_GRP_204698 TABLE BECAUSE OF WHICH CSM NUMBERS ARE DOUBLING
5	36332743	REINSURANCE RATIO ISSUE
6	36325446	IN DISCLOSURE REPORT TOTALING VALUE IS GIVING DOUBLE FOR FOUR COMPONENTS IN LIABILITY ANALYSIS, FOR DIRECT INSURANCE
7	36150389	LC BATCH FAILING ORA-01841: (FULL) YEAR MUST BE BETWEEN -4713 AND +9999, AND NOT BE 0
8	33986166	IAA SUBLEDGER EXECUTION - LACK OF LOGGING MECHANISM

Known Issues or Limitations

The following are the Limitations in Release 8.1.2.5.0:

- IFRS17 Reinsurance Transition Method (MRA for GMM and PAA) is not supported.
- Exporting Subledger Accounting Rules in *View* Mode is not supported.
- Macros are not supported when Onerous Classification Code is given as **OTH** (*Others*) or **MSG** (*Missing*) in the Stage Group Dimension Map table.
- Two DQ Rules, **DQINSCONTRACT683** and **DQINSCONTRACT663** are failing for the positive scenario in the **stg_health_ins_contracts** table.
- All the macros are available while configuring the templates irrespective of the template type selected (DI or RI). However, the application will not be calculating the values for the macros which are template specific. For example, if a direct macro is used while configuring reinsurance template, the template will get saved, however the application will not be calculating any value for this macro, and the liability calculation execution will fail. This issue is being tracked with the Bug 36575034

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Oracle Financial Services Analytical Applications Infrastructure

See the Oracle Financial Services Advanced Analytical Applications Infrastructure Application Pack Release Notes for the details on the New Features, a List of Bugs Fixed, and Known Issues and Limitations.

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Hardware and Software Tech Stack Details

The hardware and software combinations required for OFS AAAI are available at OFS Analytical Applications Technology Matrix.

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Licensing Information

For details on the third-party software tool used, see the OFSAA Licensing Information User Manual Release 8.1.2.0.0.