



## Aegon International: An industry pioneer for IFRS17 implementation

Aegon is one of the world's leading providers of life insurance, pensions, and asset management. Its purpose is to help customers achieve a lifetime of financial security. Formed over 175 years ago, Aegon operates today in over 20 countries.

Aegon International was created in January 2020 to look after the management of the group's businesses across Southern and Eastern Europe and Asia.

### What was the driving force behind the project?

Aegon International subsidiaries in Europe were looking to realise a common solution for the implementation of the new IFRS17 accounting standard. This was part of a joint operation across its businesses in Spain, Portugal, Hungary, Poland, Romania and Turkey.

It was a project that would have a significant impact on the Actuarial, Finance and IT departments. So, the objective was to realise operational efficiencies by working together to create cross-border consistency. The complexity of the new standard, especially the new granularity in reporting requirements, meant Aegon International needed new tools to support specific IFRS17 calculations, while introducing an accounting rules engine and a detailed subledger.



### What were your criteria for selecting a solution?

Aegon International faced one major challenge at the project's outset: As an early implementer of IFRS17, industry standards and best practices were not yet available.

Despite this, Aegon set out its criteria for an IFRS17 solution.

To support the accounting environment, end-to-end data lineage was seen as a primary objective of the project. So, the group evaluated established accounting rules engines and subledgers - those with core capabilities it could tailor and configure to its own IFRS17 needs, and that would cover all three models: GMM, PAA and VFA plus reinsurance.

Also, as Aegon International's subsidiaries were working in multiple locations, in different-sized businesses and with different products and systems, it was important to source cloud-native technologies with open interfaces at a reasonable cost.

Finally, due to the combination of complex business and IT change in the project, the experience of the implementation team was a crucial factor. The group expected a combination of deep and technical content and IT knowledge from its IFRS17 solution provider.

### What was the scope of the project?

Delivering a cross-border implementation of the IFRS17 standard brought with it a great deal of complexity.

The project covered six Aegon International businesses, requiring the collaboration of roughly 75 professionals across three areas of expertise - Actuarial, Accounting and IT. It featured three core workstreams, combining actuarial and financial data for close to 200 commercial products - all with different characteristics and conditions.

There was also the need to integrate IFRS17 into the local and group reporting requirements. This meant creating a new, significantly more granular, reporting framework; utilising the detailed data from Legerity FastPost to feed both accounting and management reporting.

Legerity was able to demonstrate its ability to deliver **complex**, multi-region projects and meet the needs of the Insurance industry's **largest firms**.



### What stage is the project at - and how long has it taken to deliver?

Aegon International has taken an agile, iterative approach to the project. The core design is almost complete, with the project moving from component testing into user acceptance testing (UAT), followed by a dry run of the business process. This makes Aegon International one of a pioneer group to reach dry runs across all three models and in multiple countries.

As part of the process, Legerity FastPost will have been deployed and configured within twelve months plus three months for testing. This will enable the group to complete its entire change and test process during 2021, making it well prepared for the revised IFRS17 deadline in 2023.

## What technical deployment was needed?

The different businesses in Aegon International are all now moving towards a standardised AWS cloud architecture for their core financial and actuarial tools.

The IFRS17 implementation has greatly assisted the process of moving to the cloud. It has driven the group to deploy a state-of-the-art future-proof architecture, with all businesses able to access the Data Ecosystem that supports end-to-end data lineage and operations. It has also helped to establish local IT and security regulations as an integrated element of the wider cloud solution.



## What challenges were overcome during the project?

As an early implementer of IFRS17, there were no ready-made solutions available for Aegon International to deploy. The group needed the flexibility to meet its requirements, which is exactly what Legerity FastPost delivered.



It was imperative to build a strong strategic relationship that fostered collaboration with a team of Aegon's accountants, actuaries and IT experts. To facilitate this, Legerity brought people on-site to discuss solutions and make decisions in a workshop setting that involved all the relevant business teams.

Another key element was that Legerity FastPost had to be integrated with the Aegon Data Ecosystem, which has strict requirements related to its architecture, security, and operating model. Legerity took this onboard and enhanced the FastPost application to meet those requirements - allowing for easy integration with the Data Ecosystem.

The COVID-19 pandemic also threatened to become a barrier to progress. However, with an agile approach based on the cloud, Aegon and Legerity were able to adapt to this and keep the project moving efficiently.

For future flexibility, Aegon International will continue to meet any new requirements through configuration of the FastPost rules-engine, allowing continued business agility while building on Aegon's approach of end-to-end data lineage.

## What additional business benefits did Aegon International gain from the project?

In addition to meeting IFRS17 accounting and reporting requirements, Aegon International expects the project to improve the transparency of its financial performance and risk exposure through common data definitions and processes across its European businesses.

What's more, the project and integration in the new cloud architecture are triggering individual businesses to pursue end-to-end, automated, workflow management. Straight-through-processing is expected to reduce reporting timelines and the need for manual error intervention.

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### What is next for Aegon International?

While working steadily towards the adoption of the new IFRS17 standards, the group is also exploring options to integrate the accounting rules and sub-administration for IFRS9 - allowing it to further deliver operational excellence in the end-to-end business process.

In the longer term, Aegon International plans to investigate the opportunity to use Legerity FastPost's capabilities for scenario analysis and mid-term planning.

### How was Legerity's support during the project?

Legerity provided Aegon International with confidence in its delivery of the project, with aligned goals and both firms working together to achieve a successful outcome. The Aegon team appreciated clear communication from Legerity's experts and senior management on areas such as capabilities, priorities and technical architecture.

The Legerity team was eager to help make this project a success. It was able to adapt to project challenges, such as new or complex accounting requirements and the evolving IFRS17 standards, joining forces with the Aegon experts on a daily basis to update designs and resolve technical issues.

As a growing company, Legerity was able to demonstrate its ability to deliver complex, multi-region projects and meet the needs of the Insurance industry's largest firms.

To discuss how Legerity's FastPost can transform your finance function, contact [info@legerityfinancials.com](mailto:info@legerityfinancials.com)

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