

## Case Study

## How One Large Insurance Company Is Solving Statutory Reporting

### Background

As an insurance provider, you are obligated to use statutory accounting principles to generate and file quarterly and annual reports with the National Association of Insurance Commissioners (NAIC) to ensure the financial competence of the company. These reports protect policyholders by ensuring the company has enough capital and surplus to meet its obligations. A large insurance company recently partnered with Sovos to navigate this complex landscape and ease the burden of statutory reporting to the NAIC. Here is what they experienced and what you can learn and apply to your organizational statutory reporting process.

### Challenges in Statutory Reporting

Statutory reporting to the NAIC is a burdensome and time-consuming activity for your company. Validations can take over an hour per statement, often requiring multiple instances for side-by-side comparisons. This process significantly strains your IT resources, blocking access to critical systems and records during processing time. Additionally, regular training is required for employees to avoid overburdening senior analysts and system administrators.

### Current Roadblocks

The peer insurance company was experiencing significant issues with the current statutory reporting solution, FSI. System issues were impacting the team's efficiency and effectiveness during critical quarterly and annual cycles. Primary issues included:

- Limited functionality: Inconsistency with cross-check errors and the ability to only review or update pages in sequential order was becoming overly time-consuming.
- User interface: The existing interface required users to open a new page to access prior year's data in the same instance and multiple formatting issues in notes needed manual intervention
- Sporadic regulatory updates: Updates from the NAIC and other regulators were not received promptly. Updates received during the annual close need to be manually deployed and caused process delays.

“Our recent partnership with EXL to implement Sovos as our NAIC annual statement vendor was completed on time and delivered immediate value during year-end reporting and improved the employee experience with the statutory reporting process.”

## EXL Recommends Replacing the Current System

The peer insurer had been using FSI solutions for statutory reporting processes and filing quarterly/annual statements to the NAIC. However, there was a need to transition to a different system due to certain limitations in functionality, a lack of advanced features, and sporadic compliance updates being applied in the application. EXL proposed the adoption of Sovos' Statutory Reporting Solution to replace the existing FSI system.

## The Benefits of Sovos' Statutory Reporting Solution

Implementing Sovos has already led to improved controllership and management of close timelines during quarterly and annual cycles.

### Sovos provides:

- Real-time validations, a dynamic dashboard, faster processing and automated roll-forward of data to save time and reduce risk.
- Support for almost all state forms and a compliance calendar.
- A dedicated platform for state filings and supplements.

- Formatting of notes as needed and notes can be roll forwarded to the next period, saving time and effort currently spent dedicated to data formatting.
- A team of STAT experts. Sovos has six full-time regulatory educators that are focused on the insurance industry.

**Sovos' Statutory Reporting Solution offers numerous advanced features and enhanced controls, which are improving current processes.**

## The Deployment

With Sovos' Statutory Reporting Solution, the insurer was able to deploy and activate annual financial statements and set up annual notes for all its 58 legal entities.

The solution was deployed in six months with strong governance and stakeholder management. In its first annual close period, the insurer achieved more than 300 hours (about two weeks) of efficiency improvements.

## About Sovos

Sovos is the leading provider of statutory reporting software trusted by 70% of insurers to streamline the entire statutory reporting process with our powerful cloud-based solution backed by 20+ years of experience.

Sovos is transforming compliance from a business requirement to a force for growth. Our flagship product, the Sovos Compliance Cloud platform, enables businesses to identify, determine, and report on every tax obligation across the globe. Sovos processes 16 billion+ transactions per year, helping companies scale their tax and compliance strategy in almost 200 countries.

More than 100,000 customers – including half the Fortune 500 – trust Sovos' regulatory expertise and unparalleled integration with their business applications. Learn more at [sovos.com](https://www.sovos.com).

## About EXL

EXL (Nasdaq: EXLS) is a leading data analytics and digital operations and solutions company. We partner with clients using a data and AI-led approach to reinvent business models, drive better business outcomes and unlock growth with speed. EXL harnesses the power of data, analytics, AI, and deep industry knowledge to transform operations for the world's leading corporations in industries including insurance, healthcare, banking and financial services, media and retail, among others. EXL was founded in 1999 with the core values of innovation, collaboration, excellence, integrity and respect. We are headquartered in New York and have more than 55,000 employees spanning six continents. For more information, visit [www.exlservice.com](https://www.exlservice.com).