

Factsheet — Fusion Invest

# Next-generation SCR Optimizer for insurance portfolios and mandates

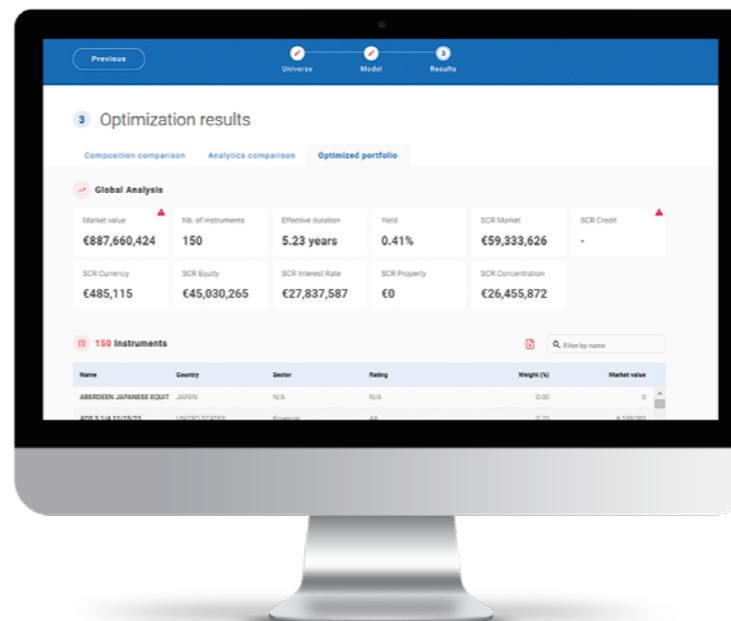
With SCR Optimizer, users can define, compare and apply optimization strategies on insurance portfolios in a Solvency II regulatory context, controlling the Solvency Capital Requirement (SCR).



*Connection with Fusion Invest gives portfolio managers a fully integrated solution for SCR calculations, portfolio analysis and SCR optimization.*

### The challenge

Solvency II is more than a regulatory constraint. It's also an opportunity for portfolio managers to reduce risks and costs. However, controlling the Solvency Capital Requirement (SCR) is not straightforward. The complex mathematical optimizations needed are difficult to maintain and build in-house and require large data processing volumes and significant computing power.



### Key features

-  Cloud-based solution with powerful data processing and computing capability
-  Runs high calculation volumes "live" for large insurance portfolios
-  Single solution with simple and intuitive user experience
-  Takes multi-level constraints into account to control aggregated exposures
-  Fully integrated with Fusion Invest through Finastra's FusionFabric.cloud platform

## How it works

SCR Optimizer computes the market Solvency Capital Requirement (SCR) of a fund according to the European Securities and Markets Authority (ESMA) and European Insurance and Occupational Persons Authority (EIOPA) regulation, also known as Solvency II.

Following portfolio analysis in Fusion Invest, portfolio managers enter views and constraints in SCR Optimizer, which then runs multiple optimization strategies. Once the portfolio manager has validated an optimized portfolio, it is sent back to Fusion Invest for final adjustment before orders are sent to the market for execution.

SCR Optimizer's multiple optimization scenarios can apply a range of SCR, financial, business and non-financial constraints.

For example, minimizing SCR with a maximum 30% portfolio turnover and a minimum/maximum duration range; or minimizing turnover with an accounting profit target.

The solution displays optimization results at portfolio, sector and position level to identify how optimization impacts the SCR market and pillars, and provides a detailed before/after analysis covering elements such as SCR decomposition, portfolio breakdown and turnover.

At the end of the optimization process, proposed orders are sent to Fusion Invest and loaded as suggested orders so portfolio managers can track the impact on all risk and accounting analytics and cash balances prior to validation. Connection with Fusion Invest gives portfolio managers a fully integrated solution for SCR calculations, portfolio analysis and SCR optimization.

## SCR Optimizer offers a range of benefits for users:

- ✓ Reduced operational risk with decision tools integrated into Fusion Invest
- ✓ Optimized capital allocation
- ✓ Reduced market and regulatory risk
- ✓ Streamlined STP from portfolio analysis to decision support and order generation
- ✓ Cost optimization through better capital allocation

## About Raise Partner

Raise Partner is a leading pure player in risk solutions, focus on pre-trade risk and decision-aid solutions for 20 years and placing risk at the core of investment processes. Our academic and market expertise is recognized by leading actors in the investment industry.

Raise Partner optimization engine is used by major banks in different businesses: insurance, investment banking, asset management, and wealth management. Learn more at [raisepartner.com](https://raisepartner.com)

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### About Finastra

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### Corporate Headquarters

4 Kingdom Street  
Paddington  
London W2 6BD  
United Kingdom  
T: +44 20 3320 5000

