Headquartered in Trieste, Italy, the Generali group is one of the top players in the global insurance and financial products markets.

Ensuring full compliance with new directives
A key concern for insurance companies is fulfilling industry regulations, as failure to comply could result in legal action and negative impact on brand reputation and client loyalty.

New regulations due in 2016 impose much stricter requirements for several areas of the insurance business – the most important being the management of insolvency risk. Known as ‘Solvency II,’ the regulations encourage insurers to implement an internal model to calculate their own particular risk rather than using a Standard Formula.

Gianluca Sanmartino, Head of Group Enterprise Risk Management at Generali, explains, “If we want to keep ahead of the game, we know that we need to start building our own internal model before the regulations come into force.

“arallel is needed to replace customized risk calculation solutions developed in-house with a centralized, reliable and locally accessible tool. This would allow us to provide each country in which we operate with one single and verifiable source of truth in terms of figures and calculations. We saw an opportunity to leverage economies of scale, ensure compliance with new regulations and enable capital-driven business decisions by developing an enterprise-wide risk management platform within our IT landscape – one of the biggest and most complex in the insurance industry.”

The future-proof IBM solution allows Generali to plan for further centralization, as Gianluca Sanmartino, Head of Group Enterprise Risk Management at Generali, says, “We are already seeing impressive results with the development phase, and are planning to extend the solution to areas such ALM and corporate finance, to create an integrated, highly collaborative risk management platform.”
Transforming risk management

Generali worked with the IBM team to implement a comprehensive suite of IBM® Algorithmics® solutions, which it chose to deploy on an IBM Power® 780 server, with IBM FlashSystem® 840 data storage.

The Algorithmics software will enable Generali to manage risk data in an organized, traceable and fully auditable way, enhancing data governance at the company. Generali will also use the solution to perform analysis and simulate world scenarios.

Gianluca Sanmartino explains, “We can use IBM Algo Scenario Engine to look at up to 500,000 scenarios for more than 1,500 risk factors – such as financial, demographic, underwriting – helping us better prepare for whatever might happen in the future. IBM Algo Risk provides us with sophisticated risk analytics and enables us to quantify risk exposure with solid internal metrics in a way not possible in the past.”

Following a successful Proof of Concept (PoC), Generali chose to deploy an IBM Power 780 server running the IBM AIX® operating system, IBM System Storage® DS8870 and FlashSystem storage. The PoC demonstrated a significant acceleration of some of Generali’s core business applications, which ran some 3.5 times faster, alongside reduced maintenance and operational costs. The refreshed infrastructure will provide the scalability required to roll out the new solution to all 60 countries that Generali has a presence in.

“Despite the complexity of our infrastructure and the wide scope of the implementation, IBM was able to support us in successfully completing this project within the pre-established timeframe, with the final solution going live in just 14 months,” adds Gianluca Sanmartino.

Preparing for the future with a brand new internal model

With a unified model for risk management and governance based on IBM solutions, Generali will be able to consolidate and streamline operations across the enterprise. The ultra-efficient IBM hardware will deliver optimal performance while minimizing total cost of ownership.

“We are still developing our risk operating model, but with help from IBM we trust that we will be able to comply with the new Solvency II directives while keeping costs and complexity low,” says Gianluca Sanmartino. “The combination of Algorithmics software with Power Systems, FlashSystem and System Storage technologies provides the rapid performance we need to support risk analytics.
“Armed with new insight into risk factors, we will be in a much better position to expand our market share in Europe and boost our success across Asia, and the new platform will provide us with a scalable, flexible, reliable and corporate-wide model that can be extended to meet our business objectives.”

**For more information**

To learn more about IBM solutions, contact your IBM representative or IBM Business Partner, or visit the following website: [ibm.com](http://ibm.com)

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“The PoC demonstrated the exceptional combination that is IBM hardware and the Algorithmics suite.”

— Gianluca Sanmartino, Head of Group Enterprise Risk Management, Generali