4most

Actuarial model migration

Avoid the common traps!

Data integrity and migration

01

1. Data can be lost or corrupted.
2. Data can be incorrectly mapped.
3. New input/output filetypes might be incompatible with current ETL tools.
4. The new model may require reinterpretation of MPF fields and re-development of data processes.

Model performance and accuracy

02

1. New model may experience comparatively weaker performance, i.e. longer run times.
2. Risk of reducing the model's accuracy when trying to improve performance.
3. Suboptimal business splits for the new platform may impair speed, e.g. due to the parallelisation / threading approach within the software.

Technological challenges

03

1. Issues with compatibility.
2. Steep learning curve.
3. Possible shortfall in functionality compared with the existing solution.
4. New solution may require a step-change in hardware/infrastructure.

Poor handover

04

1. Lack of documentation for end-users.
2. Knowledge siloed with project-only resource.
3. Features to-be-developed post-handover not clearly signposted.

Cost implications

05

1. Hidden costs.
2. Budget overruns.
3. Maintaining parallel processes during gradual transition.
4. Potential higher cloud margin from new vendor.

Operational disruptions

06

1. Impact on business continuity.
2. Resource-intensive transition period.
3. Resource drain to form project team.
4. BAU time needed for requirements gathering, testing, feedback, and handover.

Stakeholder management

07

1. Resistance to change.
2. Requirements may be poorly defined and/or don’t fully leverage the capabilities of the new system, e.g. focus on basic functionalities without considering more advanced features that could enhance the modelling process or improve efficiency and accuracy.
3. Lack of BAU resource for UAT.
4. Gaps in communication.

Project planning and timelines

08

1. Early-stage delays can push back the entire programme.
2. Missed deadlines can cause operational disruption as re-running legacy processes can be costly.
3. If SME resource leave or secondments expire after original deadline, this may cause a gap in knowledge.

Maintenance and support

09

1. Insufficient post-migration support.
2. Increased vendor dependence for developments or bug triage.

Scope creep

10

1. BAU model development team may neglect addressing issues with current model with the assumption that these will be fixed during the model migration process.
2. Late-stage expansion of required functionality.
3. Inconsistent stakeholder stances on first-principles vs. replication .

Nebulous acceptance criteria

11

1. Poorly understood materiality framework could steer the project in the wrong direction.
2. Lack of regular BAU review to gain comfort with evolving impacts from change can cause additional challenge at handover.

Bridging and validation

12

1. Bridging can become onerous to construct and document.
2. It can be difficult finding personnel who understand the original and target platform to assemble bridge.
3. Customers for the bridging activity, e.g. financial managers or reporting analysts, may lack knowledge to properly query/ challenge the process and performance.

Want to learn more?

Get in touch if you’d like to explore how we can help you navigate these pitfalls.

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