

Qatar Insurance Company (www.qic.co.qa) (QIC) is one of the largest insurers in the Middle East. With an investable fund base of around US \$1 billion, it is an active player in several markets across the globe, investing in equities, debt, funds, money markets and in derivative contracts. Its investment division handled its operations in local desktop applications, while the accounting entries were being made separately in their existing enterprise-wide insurance accounting system.

The Business Problem

When the operations grew large and complex and the number of dealers tripled, the investment division was hard pressed to keep up its recording, accounting and risk management activities up to date. After considerable thought and internal debate, the QIC management decided to purchase a corporate treasury solution that would handle front-office functions like deal capture, provide back-office functions like accounting and generation of management information reports as well as be capable of middle-office functions like risk and exposure analysis. In particular, they wished the following capabilities:

- ⊕ Facilitate deal capture and recording.
- ⊕ Provide a secure deal approval process.
- ⊕ Automate the generation and posting of financial entries for various types of deals, in conformance with QIC's internal accounting standards.
- ⊕ Provide financial statements like the Balance Sheet and P&L reports for the investment division.
- ⊕ Help reconcile accounts with counterparties.
- ⊕ Help reconcile stock held by custodians.
- ⊕ Automatically update financial entries into the enterprise accounting system, in such a way that the investment divisions' books maintained by the new system became a sub-ledger of the main insurance books.
- ⊕ Generate cash flow projections into the future, based on recorded deals.
- ⊕ Analyze exposure to currencies, counter-parties, countries and the like.
- ⊕ Generate other management information reports.

The Solution

Chella provided QIC with a corporate treasury solution that did all of the above. It was probably the only solution that provided a multi-level approval capability. Deals in an asset class could go through different approval paths, depending on the deal parameters, which in turn, could be set by the user through a rule-engine. Accounting entries were generated automatically for all supported asset classes, drawing upon a well-laid accounting framework. The asset classes supported include

Treasury Management

- Φ Equities Traded equities, preferred equities and private equities, equity derivatives like equity and index futures, and their options.
- Φ Debt T-Bills, dated bonds, floating rate notes, convertibles, zero coupon bonds, loans, fixed deposits, bond options.
- Φ Forex Currency holdings, spot purchases, forex forwards, options.
- Φ Money Markets Open ended and term repos, short term loans.

This apart, the treasury solution could interface with Chella's risk analytics system, ActiveRisk™, thus providing comprehensive middle-office functionality like risk analysis of a portfolio, pricing of derivatives and an interface to perform 'what-if' queries.