Accounting Solutions and Software - PAM®

Market Challenges

As business models continue to evolve, insurers need to consider how to modernise their technology infrastructure to meet the rapidly evolving data demands. Accounting standards, regulation and new jurisdictional requirements are all demanding more granular data than ever before. As insurers target new asset classes and redesign operating models, they should look to harmonize their data landscape, balancing the external compliance drivers with the benefits of platform modernization, business intelligence and powerful analytics.

This is an opportunity for insurers to discover new insight from their vast data stores, equip the business with real-time and accurate portfolio insights, new streamlined processes and automated back office functionality.

Our Value Proposition

Reimagining your business model for the future requires more agile ways of working that start with unlocking your data potential. For all insurers, there has never been a more important time to deliver more with less. That is where PAM® provides the most value – helping you aggregate data, integrate workflows, and strip out redundant costs. As your partner for unified investment operations, State Street can help you focus on fortifying the capabilities that set your business apart and scale the innovative services that our new environment demands.

PAM is an enterprise level accounting platform offering

Multi-basis accounting – local, generally accepted accounting principles (GAAP), tax, statutory, management, International Financial Reporting Standards (IFRS)

Integrated subledger with multiple charts of accounts

Broad capability across investment types, asset classes and managers

Net asset value (NAV) calculations for single or multi-class funds

Web-based reporting with user-defined dashboards

Modules for alternative investment accounting, data warehousing, bespoke reporting, reconciliation, compliance and risk

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Our Offering

Asset Capability

PAM has broad asset class coverage that eliminates the reliance on multiple systems and manual spreadsheets. In addition to fixed income and equity investments, it also accounts for complex asset structures such as:

- **Bank Loans:** Comprehensive processing to meet industry reporting requirements such as accruals by contract.

- **Alternative Investments:** PAM accounts for limited partnerships and Low-Income Housing Tax Credits. Track and monitor commitment amount via automated transaction updates, supporting multiple capital statement formats and integration into PAM's regulatory reports.

- **Mortgage Loans:** PAM accounts for both residential and commercial mortgage loans.

- **Derivatives:** Foreign exchange (FX) forward contracts, futures contracts, options and various swap contracts with the ability to account for hedge relationships.

Regulatory Reporting and Compliance

PAM houses all the necessary data to seamlessly produce your annual financial statements and other regulatory reporting requirements from the National Association of Insurance Commissioners (NAIC). We actively enhance PAM to allow you to meet the ever-evolving accounting requirements across global jurisdictions.

Robust Cash and Security Processing

In-depth cash and security processing are integrated throughout the system, with simplified and automated workflow:

- Integrated, impaired cash flow functionality.

- Floating rate functionality that is table-driven, allowing users to maintain rates centrally.

- Recorded cash transactions (including bank fees, wires, etc.), enabling accounts to be fully reconciled by the investment accountant to the bank statement.

- Auto-matching of all cash receipts and disbursements to receivables and payables, leaving only those items that require research or non-investment in related cash to be offset to the General Ledger account. As a result, there are more checks and balances over certain types of transactions such as income, where PAM generates these receivables based on Securities Master Field (SMF) attributes such as coupon, day count, frequency, accrual dates, etc. Income received is not recorded based on the blanket amount of cash received from the bank.

- Flexible status restrictions on position processing. PAM will process paydown transactions and interest, allowing the system to accurately record gain or loss based on the lot selection (such as first in, first out) and facilitating more accurate processing when multiple lots are held.

- Robust external cash flow processing, creating accurate accounting for floating rate and adjustable rate securities. PAM requires both principal and interest vectors (historical and accounting) to calculate book value. These rates are stored so book values are calculated based on actual rates used for the historical vector. In addition, PAM can support separate accounting and tax contractual cash flows together with separate impaired cash flows, if applicable.

Data, Workflow and Automation

Data is provided on demand and updated in real time, without having to run time-consuming batch processes. This allows on-demand analysis and instant access to reports over any time period.

Simplified Workflow

PAM allows you to control the accounting results of asset transfers between portfolios or legal entities. Portfolio, trade and security level accounting elections provide flexibility in accounting by basis, while delivering accurate reporting without manual intervention or external databases.

Flexible Operations

PAM employs a true multi-basis accounting methodology, providing an unlimited number of user-defined accounting bases, allowing the calculation of accounting basis with specific values. This eliminates the need to adjust journal entries to move from one accounting basis to another.

- Separate issue and issuer fields: detailed classification, reporting and analysis. Users can track Global Industry Classification Standards and Barclays codes by security.

- Options in Primary Security ID (SECID) include more than two dozen industry standard choices (together with three user-defined types) for a security that address multi-currency databases.

- Select FX rate by basis: reporting requirements for different account bases.

- Customizable inflation-linked securities: flexibility to address any country.

- Flexibility in day-count functionality.

PAM also enables you to establish distinct accounting rules and automatically process transactions in accordance with GAAP, IFRS, tax, statutory insurance regulations or user-defined accounting bases.

Deployment

We offer a wide range of versatile deployment options to help minimize your technology spend, reduce operational risk and focus on your core business. Whichever you choose, we will keep you informed with upgrades and new product releases that optimize your usage of the platform.

1. **Software as a Service – Hosted application**
   We license, install and maintain the application within our data centers. You benefit from our continual product development, without the associated infrastructure costs. Through a secure connection, you can access your accounting information, investment insights and cash flow activities.

2. **Managed Service – Hosted application and accounting processing**
   Our service teams manage the overall accounting process and IT functions for you. We become a seamless extension of your team, handling everything from data transformation and delivery to full accounting, reconciliation and reporting cycles.

Security and Business Continuity

Our data centers are highly secure with backups and disaster / data recovery. Our operating model incorporates failover at multiple levels including circuit, server, farm and database. Production data is secured through multiple mechanisms including short-term internal and offsite backup, and provider and mirroring technologies for live replication.

- Quick database and application recovery

- Redundant critical systems including HVAC, water alarms, and data encryption

- Secure and restricted data centre access

- Annual Service Organization Control (SOC) 1 and 2 testing

- Installation of software releases, service packs and program updates

- Hardware and network setup / maintenance

- Data management, archiving and restoration

- Quality assurance testing and upgrades

- User profile administration

Support

We offer a multi-faceted support model, from comprehensive self-service to around-the-clock personalized assistance:

- Client support center

- Vast knowledge base and product documentation

- Personalized real-time support

- Dedicated relationship manager

Why State Street?

Servicing

US$5T

in insurance assets globally*

Partnering with more than

200

insurance clients globally*

More than

30

years of experience*

More than

64

man-years invested in enhancing product capabilities*

More than

80

thousand hours invested annually in modernizing platform architecture*

*Source: Internal metrics as of 2020.

To know more about our accounting software
and solutions, please contact:

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