

How the Right CECL Partner Improved Earnings Confidence and Freed Up Staff Time

Client Profile:

A U.S. GAAP insurance company managing a portfolio of fixed-income assets

Primary Users:

Investment accounting, finance

How a company meets the CECL standard can significantly impact earnings, audit readiness, and operational efficiency.

For one insurance company, its legacy CECL provider introduced more challenges than it solved.

The Challenge: Legacy CECL Provider Caused Resource Drains – and Understated Earnings

Key Limitations of the Prior Provider:

- **Incomplete coverage:** The provider could not generate CECL estimates for significant portions of the portfolio—especially securitized products.
- **Opaque methodology:** Results did not come with a transparent explanation. The client lacked visibility into the assumptions driving final allowances.
- **Unresponsive experts:** The team behind the solution was difficult to reach for clarifications.
- **Cumbersome data intake:** Even for public securities, the data submission process was tedious and overly complex

Business Impacts:

- **Understated earnings:** Without complete coverage and transparency, the insurer had to generate its own CECL estimates for portions of the portfolio. The less modeling confidence there is behind estimates, the more the tendency must be to err on the side of conservatism, which necessarily means a bias toward potentially unduly higher reserves.
- **Excessive internal workload as staff was required to:**
 - Reverse-engineer “black box” outputs without expert guidance.
 - Create manual estimates for uncovered securities.
 - Justify these estimates to auditors each quarter.
 - Manage burdensome data formatting requirements.

As a result, key personnel were pulled away from strategic tasks to compensate for the provider’s inadequacy and inefficiencies.

The Switch: A CECL Solution that Solves the Problem

The insurer turned to **RiskSpan and S&P Global Market Intelligence** to overcome the above challenges. Together, our CECL solution combines the best data, scenarios, and models available in one technology platform to deliver completeness, convenience, and auditability.

What Makes Our CECL Solution Different:

- **Complete Asset Class Coverage:** Structured products and public securities powered by top-tier data partnerships. Loans and custom/private securities are supported through flexible intake options. Our AI-powered data mapping streamlines loan ingestion regardless of format.
- **Powered by S&P Global macro/financial scenarios:** S&P Global Market Intelligence CECL models produce forward-looking expected credit loss estimates considering current and future economic conditions. Those are informed by S&P scenarios representing both baseline and a range of plausible alternative outcomes for the US and global economy.
- **Accounting Engine:** Handles AFS and HTM securities as well as loans.
- **Audit-Ready Output:** SOC 1 & SOC 2 certified, with instrument-level detail and full methodological transparency.
- **White-Glove Service:** Fully managed service with rapid turnaround and expert support.
- **Customization:** Configurability for client's preferred qualitative exclusion rules and macroeconomic scenarios.

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Tangible Benefits Delivered:

After switching to RiskSpan and S&P Global Market Intelligence, the insurer experienced:

- **Stronger Earnings Confidence:** Backed by robust coverage, defensible models, and clear methodological support.
- **Fewer Internal Fire Drills:** Staff time once spent patching gaps and defending assumptions was freed up for more valuable work.
- **Frictionless Audit Process:** Transparent outputs and expert availability streamlined quarterly reviews.

Thinking About Switching CECL Providers?

Here's what the process looks like:

- **Intro Call:** Learn how our solution aligns with your asset types and internal workflows.
- **Trial Run:** Share a sample portfolio. We'll deliver CECL estimates to compare with your current reserves—along with detailed explanations of any material differences.
- **Pricing Proposal:** Based on the trial portfolio, we'll provide a tailored quote.

Let's make CECL a strength—not a struggle.

Contact us today to schedule a call or request a trial.

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