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Insurance Risk Management:
**Asset Liability
Management Life**

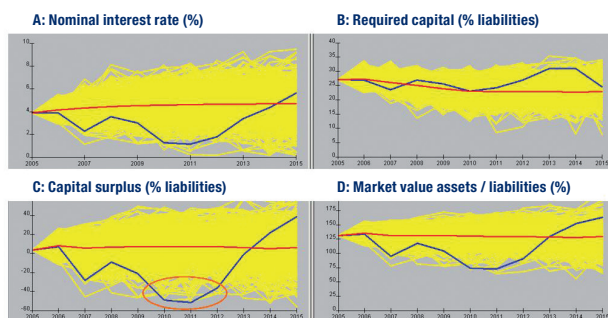
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Asset Liability Management Life

Financial risk management for life insurance companies

In a rapidly-changing world, life insurance companies can only be successful if they anticipate important developments in the field of risk management, accounting and supervisory regulations. Life insurers need to know the market valuation of liabilities including embedded options and replicating portfolio techniques, or have concerns about Market Consistent Embedded Value (MCEV), International Financial Reporting Standards (IFRS) and Solvency II. Aided by our advanced models for Asset Liability Management (ALM), life insurers are able to meet these complicated challenges head-on and translate them into new and improved policy.



Scenario analysis can give insight in the insurers dynamics and quantifies the solvency risk of an insurance company

Ortec Finance supports the risk management specialists of life insurance companies by offering its asset and liability scenario model ALS Life. ALS Life is based on scenario analysis (Monte Carlo simulation). Decision makers use the model as a “management flight simulator” in order to gain insight in the dynamics of the business and the proper actions or responses.

Traditionally, ALS Life is used by life insurance companies to optimise their strategic risk and return profile. On a frequent basis life insurers analyse and solve issues with respect to:

- Strategic asset allocation
- Duration strategy
- Solvency risk analysis
- Valuation and hedging financial risks of embedded options
- Dividend and capital policies
- Valuation consequences (book value, market value, IFRS)

More recently, life insurance companies are strongly driven by important changes in financial risk management, accounting and supervision. Spurred by these changes, insurers are increasingly using our ALM models for new application areas:

Product development

- Pricing contracts and determining investment fees
- Monitoring products

Valuation service

- Periodic MCEV or IFRS valuation for reporting
- Provisioning of guarantees and profit sharing

Ortec Finance has a long-standing and close relationship with the academic world. Therefore our professional ALM models remain at the cutting edge of innovation. Our clients clearly profit from this competitive advantage. With Ortec Finance, you are prepared for the future!

Investment consultancy

- Alternative asset categories such as hedge funds and private equity
- Markowitz optimisation asset only and funding level-based

Economic scenario generators

- Risk neutral (arbitrage free) and real world scenarios
- Multi-currency, multiple frequencies

Economic capital

- Controlling requirements of rating agencies
- Risk based capital

