Prophet French Library – life product risk modeling for French insurers

The Prophet French library allows companies to model typical insurance contracts available in France. The library allows for specific, French product types, reserving and profit recognition. Embedded values and Market consistent Embedded values can be calculated with this library. The library is built to be run stochastically and has goal seeking features for pricing. It can easily be customised through the open and flexible development environment to cater for company specific features.

Key features

Product features
- Savings, whole life, endowment and term assurance conventional products
- Unit Linked simple savings products
- Annuities
- A choice of policyholder participation methods:
  - Profit sharing
  - Revalorisation
- Regular, single or recurrent single premiums
- Partial surrenders
- Fidelity Premiums
- 'Tirages au sort' lottery element

General product features
- Regular or single premiums
- Level or increasing premiums
- Single life or joint lives

Experience features
- Most common mortality tables, including AIDS
- Withdrawals, with any skewed incidence
- Spread maturity dates
- Optional paid-up policies
- Stochastic decrements
- Five components to build up overall investment return
- Allowance for tax on a number of bases

Valuation features
- Statutory valuation reserves on a second basis
- Option to restrict calculations to statutory reserves

Reassurance features
- Original terms (co-insurance)
- Risk premium (yearly renewable term)
- Financing

Reporting features
- Discounted profits, at three rates of discount
- Revenue account split into technical, financial and administrative accounts
- Solvency margins
- Discounted revenue accounts and accumulation of profits
- Breakeven month and internal rate of return
- Analysis of future surplus / margins

Goal seeking features
- Goal seeking to determine premium rates to achieve a predefined level of profitability
- Goal seeking to determine self-supporting bonus / profit sharing rates for with profit products

Dynamic features
- Automatic output of the values which need to be passed from one dynamic loop to the next
- Any input assumption can be changed to make it calculate dynamically, by being read from a variable calculated in a higher level or ALM product in the previous dynamic loop

Benefits

The French library allows customers with French life business to model their policies at a very detailed level. Prophet's flexible open code architecture and tabular inputs enable all company specific contract level data and formulas to be included. The library has an extensive database of actuarial formulas, maintained by a large team of actuaries. Products can be built quickly using a wizard selecting key product, experience, reserving and reporting features lending itself to very rapid implementation.

Most typical French features are provided as standard. The library also includes goal seeking routines for pricing, different types of reassurance and allows for stochastic projections.

The results from this library can be used to provide market consistent embedded values (MCEV), economic capital and local principles-based solvency modeling, as well as emerging regulations, such as Solvency II.

When used with other libraries, the French library models can be used as part of the wider risk management of the company. This allows you to utilise the same code used for product pricing and embedded values in the wider ALM and risk management of the company.

Summary

Comprehensive, extensive, easily customisable purpose-built actuarial library for pricing and statutory reserving and can be used for liability component of overall ALM.

About SunGard's Prophet solution

SunGard's Prophet solution is a leading enterprise-wide actuarial modeling system that helps insurance and financial services companies meet reporting responsibilities, improve risk management, and develop more profitable products faster. Prophet uses customizable actuarial libraries for all major product types, including regional variations. It provides the transparency, performance and control required by today's actuaries and risk managers through integrated financial modeling and data management capabilities. Prophet is used by more than 9,000 users at over 730 customer sites in more than 65 countries. **www.sungard.com/solutions/insurance/risk**

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