



PROPHET GERMAN (DEUTSCHE) LIBRARY

Life product risk modeling for German / DACH insurers

Overview

The Prophet German library allows companies to model typical insurance contracts available in Germany, and it is also used by customers in Switzerland and Austria.

The library allows for specific German product types, reserving and profit recognition including RfB calculations and “Finanzierbarkeitsnachweis”. The library has very extensive code built up to support the large German user base.

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 customized through the open and flexible development environment to cater for company specific features.

When used with other libraries, in particular the Asset Liability Strategy Library, the German products can be used as part of the wider risk management of the company.

Experience features

- Most common mortality tables, including AIDS
- Withdrawals, with any skewed incidence
- Spread maturity dates
- Allowance for tax on a number of bases

Reassurance features

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

Key features

- Whole life, endowment and term assurance
- conventional products
- Pure endowment, with or without return of premiums
- Simple unit linked products
- Annuities
- A choice of policyholder participation methods:
- Bonus
- Deposit account
- Cash bonus
- Level bonus annuity
- Terminal bonus

Valuation features

- Statutory reserves
- Reserve strengthening for annuities
- RfB calculations
- 'Finanzierbarkeitsnachweis'
- Option to interpolate reserves

Reporting features

- Analysis of RfB
- German statutory profit and loss account
- Discounted profits, at three rates of discount
- Best estimate liability
- 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

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

Optional calculations features

- Calculation of proposed IFRS fulfilment cashflows, risk adjustment and contractual service margin

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

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

When used with other libraries, in particular the Asset Liability Strategy Library, the German Library models can be used as part of the wider risk management of the company. This allows you to utilize the same code used for product pricing and embedded values in the wider ALM and risk management of the company.

The library supports the use of Prophet's Nested Structures feature to embed one model within another.

Summary

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

Benefits

The German library allows customers to model their life assurance 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.

About FIS' Prophet solution

FIS' 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.fisglobal.com

About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Florida, FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index. For more information about FIS, visit www.fisglobal.com