



PROPHET SUMMARY LIBRARY

Financial product risk modelling for retail banks and financial services providers

Overview

The Prophet Summary Library performs simple fund level calculations, allowing you to set up a model of a fund (including sub-funds and company level results). It works by taking the aggregated liability projections from liability products and then performing fund level calculations on these results.

The Summary library can be used to set up simple ALM models. It can also form part of sophisticated ALM models involving other fund level products (for example Asset Liability Strategy (ALS) products).

Key features

Calculation Features

- Correlation matrix-based capital aggregation
- Cost of capital and minimum capital requirements
- Investment return on surplus or total assets, calculated consistently to the investment return on mathematical reserves calculated in the liability libraries
- Tax calculations, using similar bases to those in the liability libraries, except:
 - Calculated at the aggregate level
 - Allowing for any tax losses at the start
 - Allowing for any deferred acquisition expenses at the start
- Adjustments for un-modeled and incompletely modeled business
- Budgeted expenses to replace underlying expense allowances
- Shareholders' transfers for both with profit and non-profit funds

Prophet Summary Library Additional features

- Fund level adjustments to the liability projection
- Budgeted expenses
- Reassurance accounts
- Capital calculations

- Reassurance netted off or reported separately
- Reassurance deposits and different reassurance accounting treatment
- Discounted profits and shareholders' transfers, at three rates of discount
- Smoothing of maturity payouts
- Scheme level calculations for group pension schemes

Reporting Features

- Revenue accounts and balance sheets
- Distribution of surplus
- Solvency margin
- Shareholders' fund / profit and loss account in force and new business statistics
- Yield on fund analysis

Dynamic Features

- Automatic output of the values which need to be passed from one dynamic loop to the next
- Example decision calculations supplied:
- Reversionary bonuses derived from projected asset shares
- Terminal bonuses derived from projected asset shares
- Profit sharing derived from interest or technical surplus
- Expenses and new business policy size inflation

Benefits

When working with only liability products in your model structure, the Summary library allows you to model a fund in a simple way. The Summary library can also be used to model sub-funds or funds that form part of a more complex ALM model involving ALS products.

The Summary library performs some fund level calculations that are not currently catered for by other standard libraries.

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

Summary

The Summary library takes existing liability cashflows from Prophet liability products and aggregates these and models the fund, shareholder transfers, tax or bonus decisions.

The Summary library is easily customisable to allow for other calculations at the fund level. It includes a number of standard features that assist in companies constructing a model office that can be used for financial planning and projections of existing and new business. The library can also be used in conjunction with the Asset Liability Strategy library as part of an ALM investigation.

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