Asset Liability Management for Insurance Companies - Online

This program focuses on the traditional, as well as the ever changing landscape of ALM for the insurance industry. The traditional methods of identifying, measuring and managing risk are reviewed and up-to-date developments in risk measurement are explored with emphasis on the management and control of risk in insurance institutions and how the ALM process integrates with the overall strategy of the firm.
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This is an asynchronous eLearning course that can be accessed 24/7 from any internet enabled computer.

Available Session(s):

Available Today	Online	USD $400

Instructor(s):[]

Targeted Audience
Insurance Company Risk Managers, Finance Risk Professionals, Auditors

Advance Preparation
No advance preparation required.

Prerequisites
A basic understanding of the Insurance Industry

Level: Intermediate

CPE Credits: 58

Instructional Method: Self-Study

Detailed Outline

Scope of ALM
· The concept of asset liability management
· The various types of market risks and their implications on the institution
· The short term and the long term risks

Overview of ALM in Insurance Companies
· The concept of asset liability management in insurance companies
· The applications of asset liability management
· The different types of risks in insurance
· The overall approach for managing risks

A 9 Part Framework of ALM
· The purpose and significance of ALM framework
· In detail the nine-components of ALM framework
· The role, relevance and application of the framework

Strategies for ALM
· The various types of strategies in ALM process
· The difference between the various strategies that can be used on the basis of parameters such as speed, flexibility, costs and risk involved

Overview of Life and Property and Casualty Industry
· The different types of insurance companies
· The players in the insurance market place
· The functions of insurance
· The background and the type of life and property and casualty insurance products
· The global landscape and the changing

Value at Risk
· The concept of Value at Risk
· The concept of trading and banking book
· The various methodologies of estimating VaR and their strengths and weaknesses
· The comparison between the strength and limitation of VaR
· The computation of VaR of foreign exchange spot, foreign exchange options positions, common shares/stocks, fixed income portfolio
· The various applications of VaR

Application of Analytical Techniques
· The framework of the analytical techniques - gap, duration, simulation and value at risk
· The concept and assumption under each technique
· The comparison and analysis of each of the techniques across various parameters
· The application of techniques with real life case studies

AL Organization
· The various elements of AL Organization viz., the ALCO, the AL sub-committee, and the ALCO support group
· The scope of ALCO
· The key issues of centralization and decentralization

ALCO Meetings
· The operational aspects of ALCO meetings
· The data requirements of ALCO meetings

ALM Policies and Procedures
· The ALM policy and the procedure

face of the insurance industry

Annuities
· The concept of annuities
· The importance of annuities
· The different types of annuities
· The concept, features and applications of Equity Indexed Annuities
· The indexing methodologies employed

Actuarial Principles
· The role played by an actuary in the insurance industry and the nature of actuarial practice
· The distinction between the principles and standards used in the actuarial profession
· The principles of actuarial science based on probability and statistics, behavioral economics, actuarial models and financial security systems

Reinsurance
· The concept of reinsurance and the need for it
· The different types and methods of reinsurance
· The alternative risk transfer mechanisms in reinsurance
· The basic functions of reinsurance

Insurance Linked Securitization
· The process of insurance linked securitization
· The concept of insurance loss indices
· The various securitization instruments
· The advantages and disadvantages of insurance linked securitization
· The future of insurance linked securitization

Yield Curve Analysis
· The concept of yield curve and its types
· The various theories under yield curve analysis
· The types of interest rates and its manual
· The contents of the ALCO reports

Audit of ALM
· The significance and concept of audit of ALM function
· The overall approach and scope for the function of ALM audit
· In detail the applications of the audit process
· The various types of AL models and examine different scenarios and assumptions involved in the audit

Regulations in Insurance Industry
· The growing relevance of regulation in the insurance industry
· The various measures adopted by insurance regulators
· The capital regulation initiatives undertaken by prominent insurance supervisors
· The future developments in insurance regulations

Software Applications
· The areas of software application in the insurance industry
· The various considerations for choosing a software package
· The working of various software packages for the insurance industry

Case Study - Confederation Life Insurance
· Case study of Confederation Life Insurance Company - what actually happened and the lessons learnt

computation
· The applications of yield curve analysis

Interest Rate Gap
· The concept of gap analysis
· The method of preparation of gap report
· The process of calculating gap, cumulative gap and related measures
· The critical factors that have to be considered while slotting balance sheet items in the gap report
· How to identify the key positions in gap report
· The computation of income statement impact of gap
· The process of setting up gap limits
· The various restructuring strategies to be followed if gap is not within limits
· The strengths and limitations of gap analysis

Simulation and Scenario Analysis
· The concept of simulation
· The process of measuring risk positions or simulating various accounts and setting risk limits
· The distinction between various methods of choosing scenarios for simulation
· The ways of presenting the outcomes of simulation
· The various criteria used for selecting an appropriate business strategy
· How to avoid analysis paralysis
· The components and issues involved in simulation modeling
· The concept of stress testing and backtesting
· The modeling of non-specific maturity items and the factors that affect these items both from the assets and liabilities perspectives
· The techniques for identifying various factors that affect account balances and for analyzing rate sensitivity of core deposits

· The need to align the business plan with various rate scenarios
· The process and steps involved in monte carlo simulation
· The advantages and disadvantages of monte carlo simulation

Duration
· The concept of duration and modified duration
· The application of formulae for duration and modified duration
· The computation of different types of bonds
· The relationship between duration, yield, coupon, maturity of a bond and thereby comprehend the properties of duration
· The computation of duration of perpetual bonds, embedded options and floaters
· The computation of duration of a portfolio
· The application of the concept of duration for off-balance sheet items
· The effects of approximation involved while using modified duration
· The difference between gap and duration
· The strategies of risk management
· The strengths and limitation of duration
· The calculation of duration of equity
· The designing of hedging strategies to manage the interest rate sensitivity of the balance sheet
· The computation of duration of complex items by using the concept of portfolio replication
· The derivation of the zero coupon yield curve using the present value of cash flows

Convexity
· The concept of convexity and its properties
· The calculation of convexity of different types of bonds

· The computation of convexity of a portfolio
· The impact of price change on convexity
· The concept of positive and negative convexity

Basis Point Value

· The concept of basis point value
· The change in the value of the portfolio due to one basis point change in the interest rates
· The relationship between BPV, duration and modified duration
· The calculation of BPV of on-balance sheet and off-balance sheet items
· The computation of BPV of a portfolio
· The advantages of BPV as a risk control technique

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.