SUNGARD iWorks Prophet

Business-driven IT Solutions
for the Insurance Industry

Prophet International Library

The iWorks Prophet International library is primarily designed to be used anywhere in Continental Europe except for France and Germany where separate libraries exist.

This library can be used in many regions and is rich in specific regional features, allowing for different reserving, tax, experience and reassurance features to suit a wide range of companies and regions. Embedded values and Market consistent Embedded values can be calculated with this library.

The library can 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.

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

Features

General Product Features

- Whole life, endowment and term assurance
- Pure endowment, with or without return of premiums
- Annuities
- A choice of policyholder participation methods:
  - Profit sharing
  - Reversionary bonus
  - Revalorisation
  - Cash bonus
- Unit Linked products
- 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
- Market consistent valuations
- Projection of cash flows on multiple different bases simultaneously
- Bonus reserve valuation
- AIDS deficiency reserves
- Statutory valuation reserves on a second basis
- Option to restrict calculations to statutory reserves
- Option to interpolate reserves

Reporting Features

- Discounted profits, at three rates of discount
- Solvency margins
- Discounted revenue accounts and accumulation of profits
- Calculation of profits in accordance with International Financial Reporting Standards
- Breakeven month and internal rate of return
- Analysis of future surplus / margins

Reassurance Features

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

Goal Seeking Features

- Goal seeking to determine premium rates or unit allocation rates as appropriate to achieve a predefined level of profitability
- Goal seeking to determine self-supporting bonus /profit sharing rates

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

Country-Specific Product Features

Netherlands

- Savings mortgage ('spaarhypotheek')
- Guaranteed profit sharing
- Initial discount ('rentestandskorting')
- Activated initial expenses ('geactiveerde eerstekosten')

Italy

- Bonus applied to either premiums and benefits or just to benefits
- Initial commission incentive
- Solvency margin based on reserve excluding expense reserve

Optional Calculation Features

- Rebasing to determine projected reserves which allow for experience assumptions to apply until each valuation date
- Separate non-unit and unit revenue accounts
- Calculation looping to repeat the calculation of mathematical reserves on a number of alternative bases
- Calculation of IFRS on Amortised Cost and Fair Value basis
- Calculation of IFRS Liability Adequacy Test

US GAAP Module

A separate module is available for the International Library to value contracts on a US GAAP basis.

The following are the main features of this module:
- FAS 60
- FAS 97 for limited payment contracts
- FAS 97 for universal life-type contracts
- FAS 97 for investment contracts
- FAS 120
- Purchase GAAP
- SOP 03-1

Variable Annuity Module

A separate module is available for the International Library.

The following are the main features of this module:
- Guaranteed Minimum Death Benefit (GMDB)
- Guaranteed Minimum Withdrawal Benefit (GMWB)
- Guaranteed Minimum Accumulation Benefit (GMAB)
- Guaranteed Minimum Income Benefit (GMIB)
- Multi-fund functionality
- Annuity conversion
- Reserving
- Pricing
- 'Greeks'
- Nested Stochastic

Summary

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

Benefits

The International library allows customers in continental Europe to model their non linked and linked 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.

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

The Variable Annuity and US GAAP modules can also be added to this library.

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

When used with other libraries, in particular the Asset Liability Strategy Library, the International 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.

About SunGard

With annual revenue of $5 billion, SunGard is a global leader in software and processing solutions for financial services, higher education and the public sector. SunGard also helps information-dependent enterprises of all types to ensure the continuity of their business. SunGard serves more than 25,000 customers in more than 50 countries, including the world's 50 largest financial services companies. Visit SunGard at www.sungard.com.

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