



## Prophet Liability Libraries

The main features generally provided by iWorks Prophet's Life Liability Libraries, except for the Group Pensions and Financial Services libraries, are set out in this datasheet. Other Library datasheets explain the additional specific features that the individual libraries provide.

Prophet provides a fast, friendly and flexible solution for actuaries involved in life assurance, permanent health insurance and insured pension products. It manages the calculations and financial models used for:

- Embedded and appraisal valuations
- Cash flow and financial projections
- Net premium, gross premium and discounted cash flow valuations
- Realistic earnings valuations and reporting (including achieved profits, US GAAP and Margin on Services)
- Asset/liability modelling
- Dynamic solvency testing
- Stochastic projections
- Surplus and bonus strategy analyses
- Product pricing and design
- Analysis of surplus and movement in embedded values
- Current and projected contribution requirements for group pension schemes

Prophet makes it easy for you to extend your models to meet changing requirements in the future.

### Features

The following features are available in most libraries, although specific features may only be available in some.

#### 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
- Market consistent valuations
- Projection of cash flows on multiple different bases simultaneously

#### 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 for with profit products

#### 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

#### 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 Liability Libraries allow customers to model the business 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 comprehensive actuarial libraries are extensive and driven by selecting features, lending itself to very rapid implementation.

Most standard and regional features are provided out of the box and we provide a number of libraries for different liability types and also territories around the world.

Most libraries also include goal seeking routines for pricing, different types of reinsurance and allow for stochastic projections.

When used in conjunction with the Asset Liability Strategy library, it can allow for complex management decisions and policyholder reactions and complete projection of balance sheets calculated on a market consistent basis.

Additional modules can also be added to these libraries.

The results from the liability libraries 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 and PBA.

## Summary

Comprehensive, extensive, easily customisable purpose-built actuarial libraries for pricing and statutory reserving and ALM.

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