



## Prophet Permanent Health Insurance Library

The iWorks Prophet Permanent Health Insurance (PHI) library allows companies to model individual and group permanent health and income protection benefits. This library can be used in many regions and includes standard valuation and pricing approaches. Many rider benefits can also be modelled and the library includes most standard morbidity, mortality and AIDS tables.

The library allows for different reserving, tax, experience and reinsurance 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 PHI products can be used as part of the wider risk management of the company.

A specific US Health library and German Health library also exist to model PHI and other health business in those countries.

### Features

#### Product Features

- Individual and group PHI
- Friendly Society sickness policies
- Claims in payment
- Benefits varying according to duration of claim
- Waiver of premium
- Rider benefits

#### General Product Features

- Regular or single premiums
- Level or increasing premiums
- Single life

#### Experience Features

- Most common mortality tables, including AIDS
- Withdrawals, with any skewed incidence
- Spread maturity dates
- Five components to build up overall investment return
- Allowance for tax on a number of bases
- Manchester Unity or inception/recovery approaches
- Experience based on CMIR 12 and CIDA

#### Valuation Features

- Manchester Unity or inception/recovery approaches
- Net premium and gross premium reserves
- Bonus reserve valuation
- AIDS claim reserves
- Option to restrict calculations to statutory reserves
- Market consistent valuations

#### Reassurance Features

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

#### Goal Seeking Features

- Goal seeking to determine premium rates to achieve a predefined level of profitability

#### 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

#### Dynamic Features

- 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 Permanent Health Insurance (PHI) library allows customers to model their permanent health insurance / income protection benefit 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 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 modelling, as well as emerging regulations, such as Solvency II.

When used with other libraries, in particular the Summary and Asset Liability Strategy Library, the PHI 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.

## Summary

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

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