

Balance Sheet Management

Redefining Forward Looking Analysis

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— Redefining Forward Looking Analysis

Managing an insurer's balance sheet is a complex task especially around regulatory frameworks such as Solvency II and IFRS 17. Finding the right balance between assets and liabilities can be a slow and iterative process. A process for which current practices are ill-equipped. Balance Sheet Management (BSM) from MavenBlue offers a new approach.

The MavenBlue Vision - BSM is a new platform built by risk management and technology leaders to address a gap. BSM combines new technology and unique methodology to enable capital & risk managers to significantly speed up the iterative process of finding the optimum performance of the balance sheet under different economic scenarios. Identifying weaknesses and opportunities, maximizing free capital generation.

— Building A Holistic View

The integrated and graphical platform enables insurers to understand the implications of management actions on the balance sheet. Visualizing the balance sheet from different perspectives i.e regulatory, accounting and economic. The platform projects forward the impact of many different scenarios, in addition to the strategic decisions of the company.

— One Source of Truth

The BSM platform runs in the cloud. Meaning users access the platform through a web browser. Implying that all forward looking analyses are centralised. Ensuring that data and analytics are unified. Offering all users a single view of risk. Maximising the transparency and control for the analytics rendered.

— Dynamic Financial Analysis

The goal of BSM is to enable insurers to dynamically analyse the balance sheet. To build a new best practice for forward looking analyses. Placing the iterative process of identifying the optimum relationship between assets and liabilities, into a system capable of processing large volumes of calculations.

A capability which can be critical. Insurers throughout the year face complex decisions. Decisions on portfolio acquisitions, implementing new hedging strategies or reinsurance programs, decisions on asset allocations and capital management actions. Not to mention sudden changes in economic circumstances. BSM is capable of providing an accurate assessment of each scenario on the balance sheet in minutes.

— Speed

To enable dynamic financial analysis you need computational power. Getting results in minutes allows the risk manager to quickly reconsider their strategy. To achieve this, BSM has several key ingredients. The first is cloud computing. MavenBlue utilises the IBM Cloud, enabling MavenBlue to configure the calculation in the optimum manner.

The second ingredient is graphical processing units computation. GPUs allow MavenBlue to spread the calculations over large quantities of calculation cores. The final ingredient is its design. Purposely built by risk and technology experts who have deep knowledge of algorithmic design, which makes BSM perfectly suited to the task. The combination of these ingredients significantly reduces run times.



— Innovating Customer Success

In order to deliver a performing balance sheet management platform, it is our belief that you need customer intimacy to succeed. MavenBlue aims to act as an extension of your risk management, actuarial and technology teams. Helping establish the right configuration and integration.

— A Holistic View

The benefits of the BSM platform go beyond the required forward looking analyses i.e. ORSA and ALM studies. It provides a holistic view of the balance sheet, allowing the insurer to measure the impact of management actions from several distinct viewpoints i.e. i) regulatory capital, ii) capital generation, iii) IFRS or GAAP earnings and iv) risk.

A key area of interest for insurers is free capital generation. This has gained traction post Solvency II, where insurers shifted their focus from the IFRS framework, onto the solvency ratio, as the metric of choice to optimise towards. Under Solvency II “free capital” is defined as the amount of eligible own funds in excess of regulatory capital requirements. And it’s a critical measure of performance for insurers as it reflects the potential for an insurer to pay dividends or make strategic investments.

As an example, MavenBlue is able to work with insurers to build a FCG framework helping identify the key drivers behind the solvency ratio of the business. Identifying the FCG on both grouped and individual business units. Ultimately designed to help optimise balance sheet performance and supporting decisions across the organisation.