CONNING®

FIRM® Portfolio Analyzer

RISK SOLUTIONS | PRODUCT SHEET

FIRM® Portfolio Analyzer provides powerful investment risk modeling capabilities with or without importing projected liability cash flows and reserves from other risk modeling systems. FIRM® combines our GEMS® Economic Scenario Generator with the most comprehensive investment risk module on the market, along with sophisticated management decision rules engines. Investment risk analysis can be performed on an aggregate asset class or individual security basis. Liability cash flows and reserves from other systems can be imported for full asset-liability modeling, so that FIRM® becomes an integral component of your risk management systems framework for economic capital modeling and stress testing. Working in conjunction with the Investment Optimizer, FIRM® can fully leverage Conning's comprehensive approach to Strategic Asset Allocation.

Technologically Advanced ERM Solution

FIRM® provides solutions such as strategic/dynamic asset allocation, variable annuity hedging, pension management strategies, and risk attribution. Portfolio managers can take advantage of the comprehensive set of financial instruments available in FIRM® Portfolio Analyzer, including floating rate notes, interest rate swaps, interest rate derivatives, inflation-linked derivatives and equity derivatives. Because FIRM® provides the flexibility to utilize externally projected liabilities and cash flows for a full enterprise perspective, the software is applicable to nonlife, life, pension, health care, and multi-sector insurers and reinsurers.

Supports a Wide Range of Applications

The comprehensive economic and investment modeling functionality within FIRM® can be used for many applications in the area of strategic asset allocation, dynamic hedging, and asset-liability management. FIRM® gives users the ability to obtain a detailed understanding of the financial risks a firm faces, the relationship between those risks, and the potential rewards in retaining them. It also enables management to shape the risk profile of the firm to suit its tolerance for risk and can help companies in the development of guidelines to maintain the desired risk profile.

Comprehensive Modeling

FIRM® combines the capital markets capabilities of Conning's GEMS® Economic Scenario Generator with a sophisticated investment module for user-defined stochastic analyses of multi-portfolio trading strategies on both market value and book value bases.

- » Dynamic multi-portfolio trading strategy modeling
- » Ability to add customized correlated market indices
- » Interest rate derivatives, inflation-linked derivatives, and equity derivatives
- » Realistic relationships among asset class returns
- » Realistic real world tail risk scenarios and risk neutral capabilities
- » Asset aggregation at multiple levels

Learn More

Can your business afford to operate without a sophisticated investment model? Learn how FIRM® can help for better decision making, risk management, and added business growth.

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Award-winning Economic Scenario Generator

FIRM® Portfolio Analyzer is powered by Conning's award-winning[1] GEMS® Economic Scenario Generator.

- Ability to model asset prices and cash flows at the security level
- Default-free interest rate models which produce fully integrated nominal and real term structures
- Corporate and municipal bond credit models that permit the simulation of rating transitions, defaults, and recoveries
- Sovereign debt default structures
- Inflation model that permits modeling of inflation derivatives and inflation-linked bonds with embedded caps and floors
- FX model which provides consistent inter-economy behavior
- Comprehensive and consistent interest rate, equity, credit, inflation, and FX derivative modeling
- Wide range of standard asset classes and market indices, along with the flexibility to create customized asset classes
- Best-of-breed market-consistent fits to the widest range of data points across interest rate curves, credit spread curves, and derivative surfaces
- Realistic real-world tail events
- Flexibility and user customization
- Transparency and access to a comprehensive documents library
- Powerful built-in analytics and reporting

Additional Powerful Capabilities

Accounting/Regulatory/Tax Functionality (ART): The optional ART functionality provides for risk modeling within several accounting/regulatory/rating agency regimes in addition to the economic value accounting available with the base FIRM® system. ART provides the ability to stochastically calculate distributions of regulatory and rating agency capital such as the Solvency II standard formula, NAIC Risk-Based Capital (RBC), AM Best's Capital Adequacy Ratio (BCAR), and S&P Capital Adequacy Ratio (CAR). This functionality is critical for multi-entity risk management, financing and accounting-driven management decisions, risk diversification strategies, and reverse stress testing.

Investment Optimization Function: Conning's Investment Optimizer module takes investment risk modeling and analysis to the next level. By combining this module with FIRM® Portfolio Analyzer, insurers can produce constrained efficient frontiers of asset allocations based on risk/reward metrics, taking into consideration any combination of assets, imported liability cash flows and reserves from other risk modeling systems in the company's enterprise risk modeling platform. The Investment Optimization capability captures the approach that has guided Conning's strategic asset allocation advisory services for more than fifteen years.

About Conning

Conning (www.conning.com) is a leading global investment management firm with a long history of serving the insurance industry. Conning supports institutional investors, including pension plans, with investment solutions and asset management offerings, award-winning[1] risk modeling software, and industry research. Founded in 1912, Conning has investment centers in Asia, Europe and North America. Conning's software and advisory services support insurance and pension risk modeling needs, providing insights for decision making, regulatory and rating agency compliance, strategic asset allocation and capital management. Conning's risk management software platform includes the award-winning[1] GEMS® Economic Scenario Generator, FIRM® Portfolio Analyzer and ADVISE® Enterprise Risk Modeler.