

# **Continuous Solvency Monitoring in a Volatile Financial World**

Moody's Analytics SolvencyWatch™ Solution

# Our Speakers



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Associate Director – Advisory Services  
Moody's Analytics



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Associate Director - Advisory Services  
Moody's Analytics

# Content

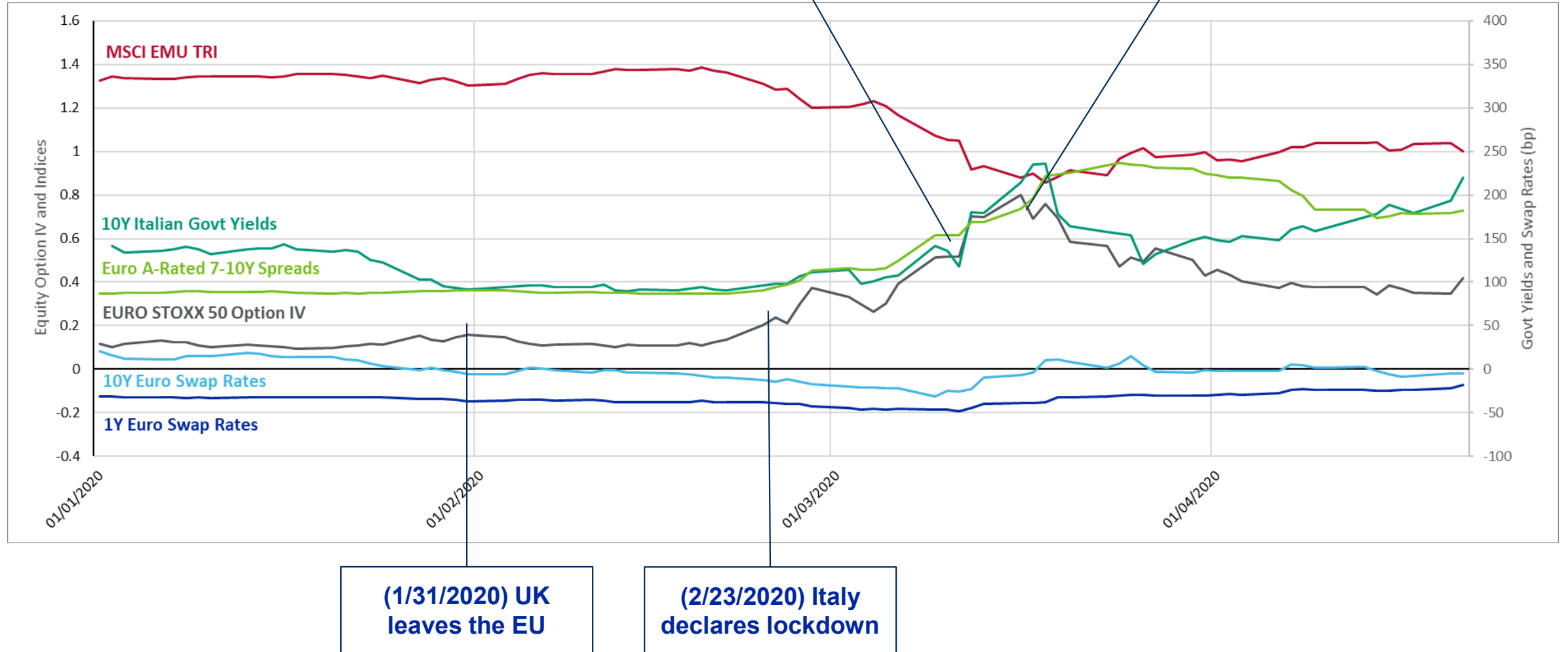
1. Market Events and Challenges Facing Chief Risk Officers
2. Overview of Moody's Analytics SolvencyWatch Solution
3. SolvencyWatch Solution in Action
4. Benefits for Chief Risk Officers
5. Questions

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Market Events and  
Challenges Facing Chief  
Risk Officers

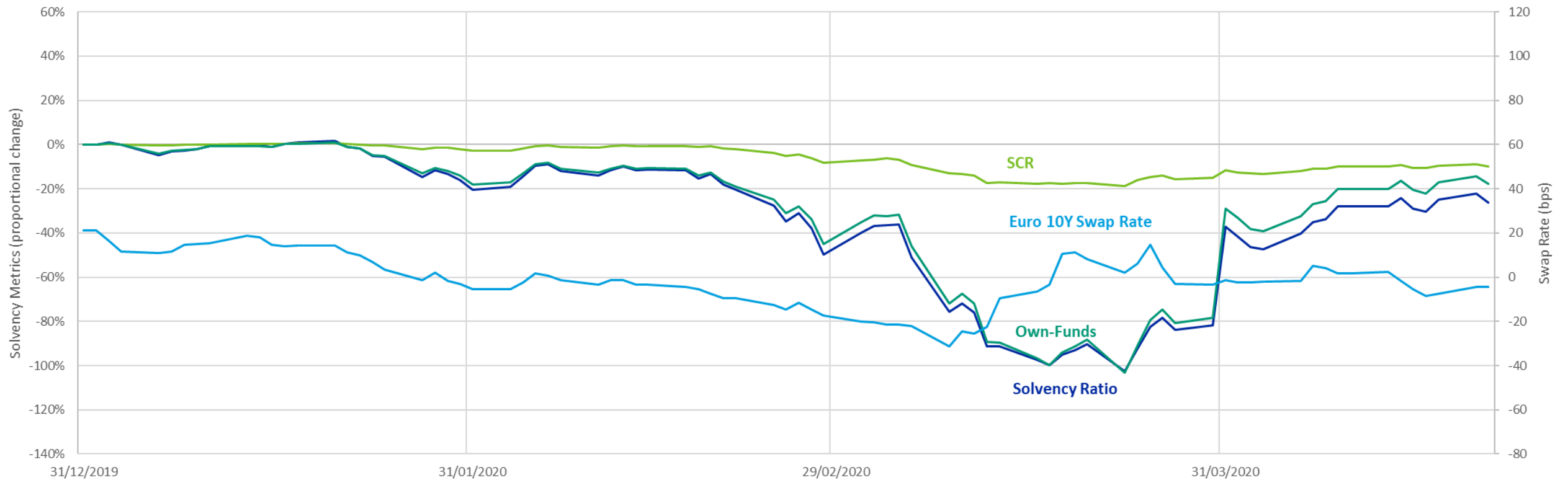
# Market Volatility

## Recent events



# SolvencyWatch Solution in Action

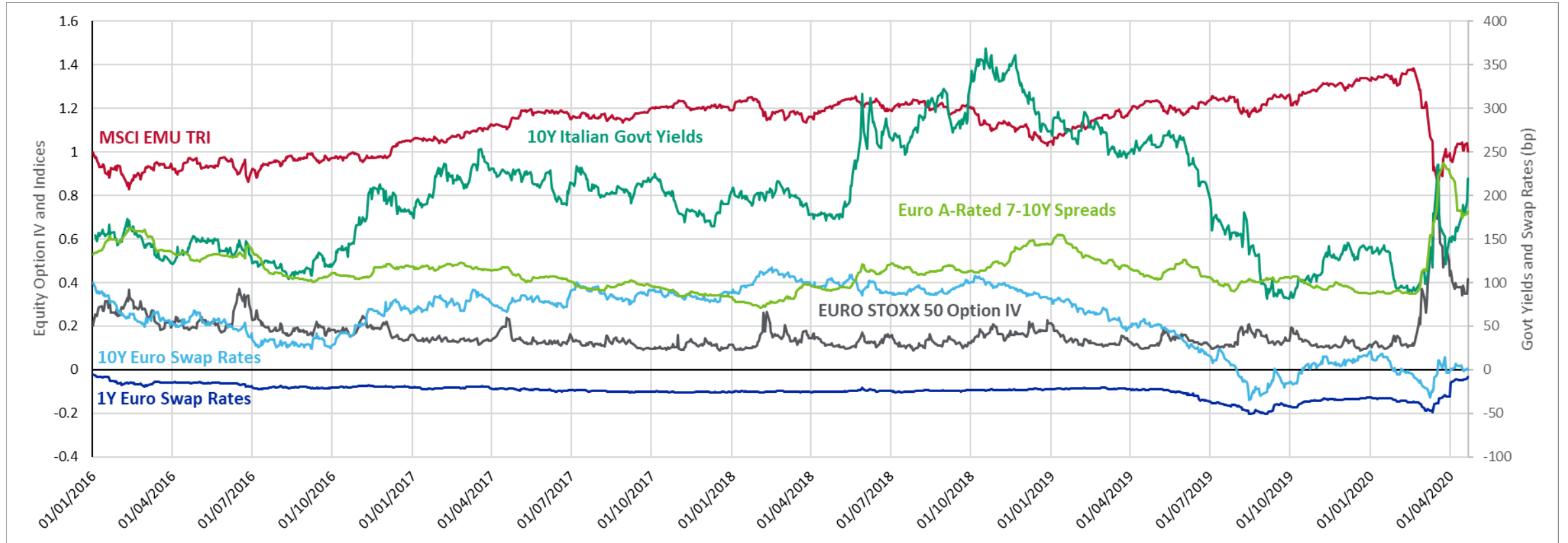
## Q1 2020 – French participating business illustration



- Change in interest rate levels
- Change in government spread levels
- Change in equity return levels
- Change in swaption and equity implied volatility
- Change in volatility adjustment
- Change in credit spread levels

# Market Volatility

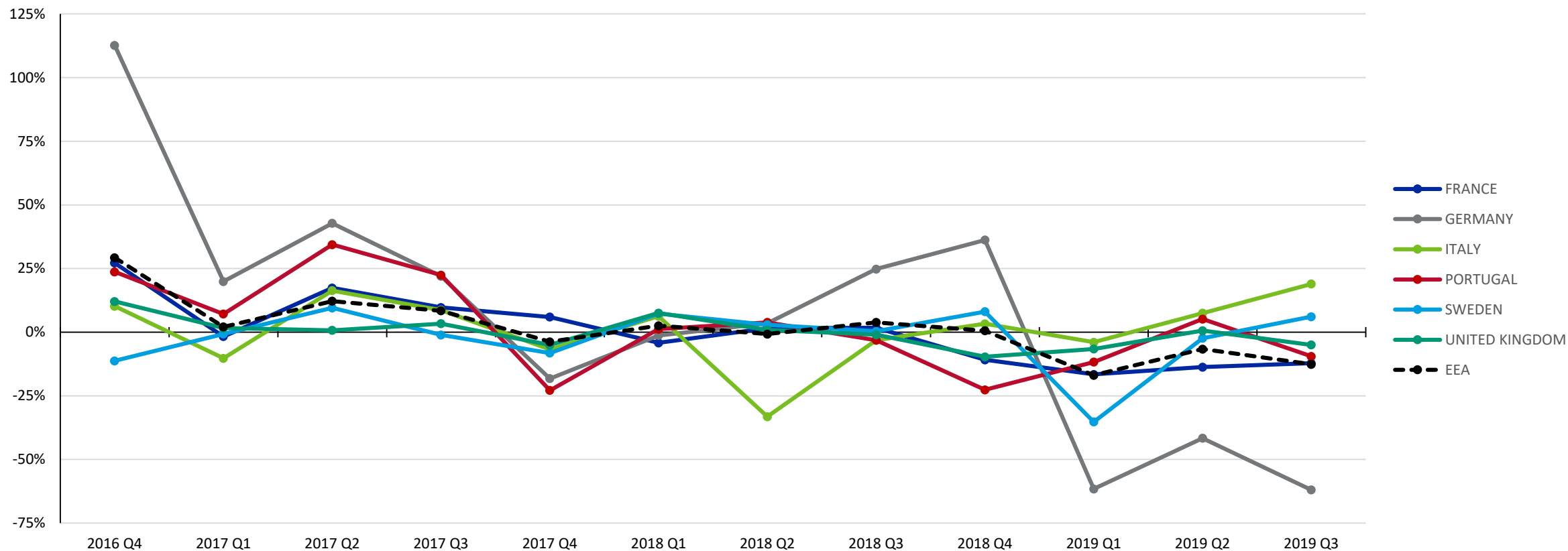
## 2016-present



- **Brexit**
- **ECB: negative rates across Europe**
- **US-China trade dispute: global supply chains at risk**
- **Italian political risk affects Italian assets**
- **Bundesbank warning: Germany likely to tip into recession**
- **OPEC oil price dispute**

# Solvency Ratio: A Volatile Metric

Ratio of Eligible Own Funds to SCR (Life Undertakings) by county: Change on Previous Quarter

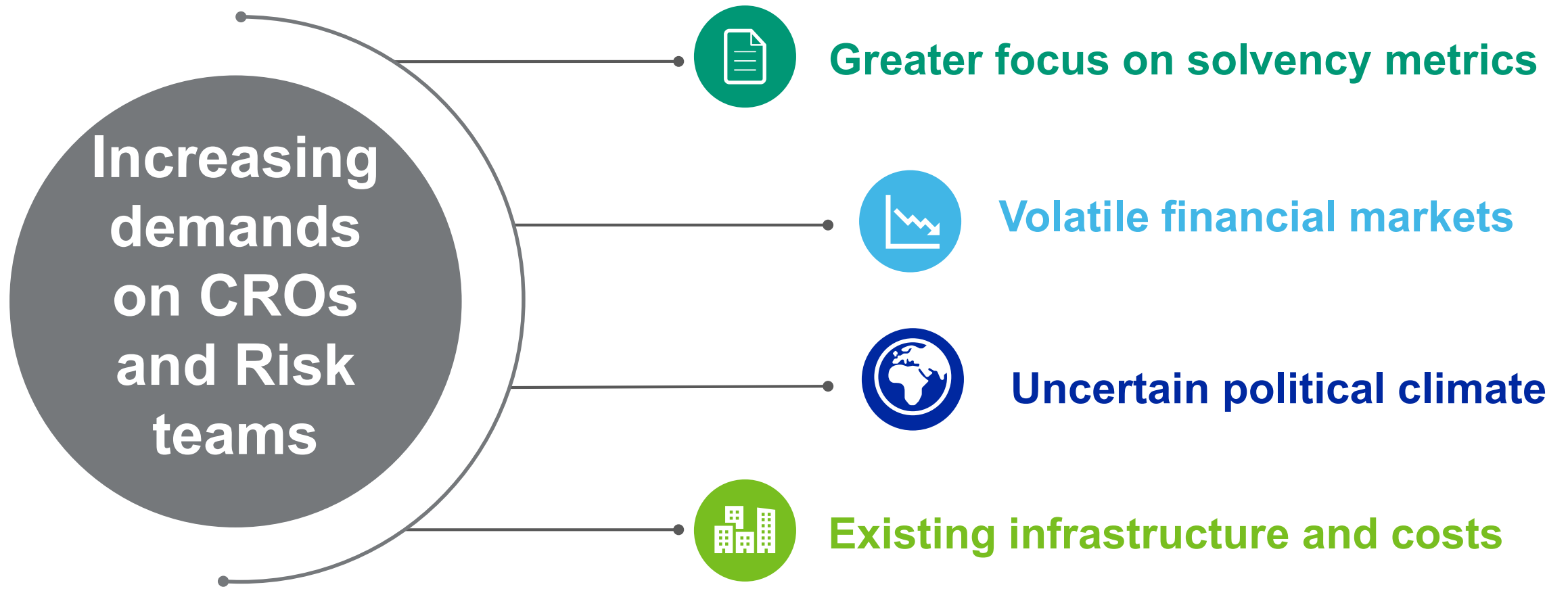


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# Challenges Facing Chief Risk Officers

SolvencyWatch Solution



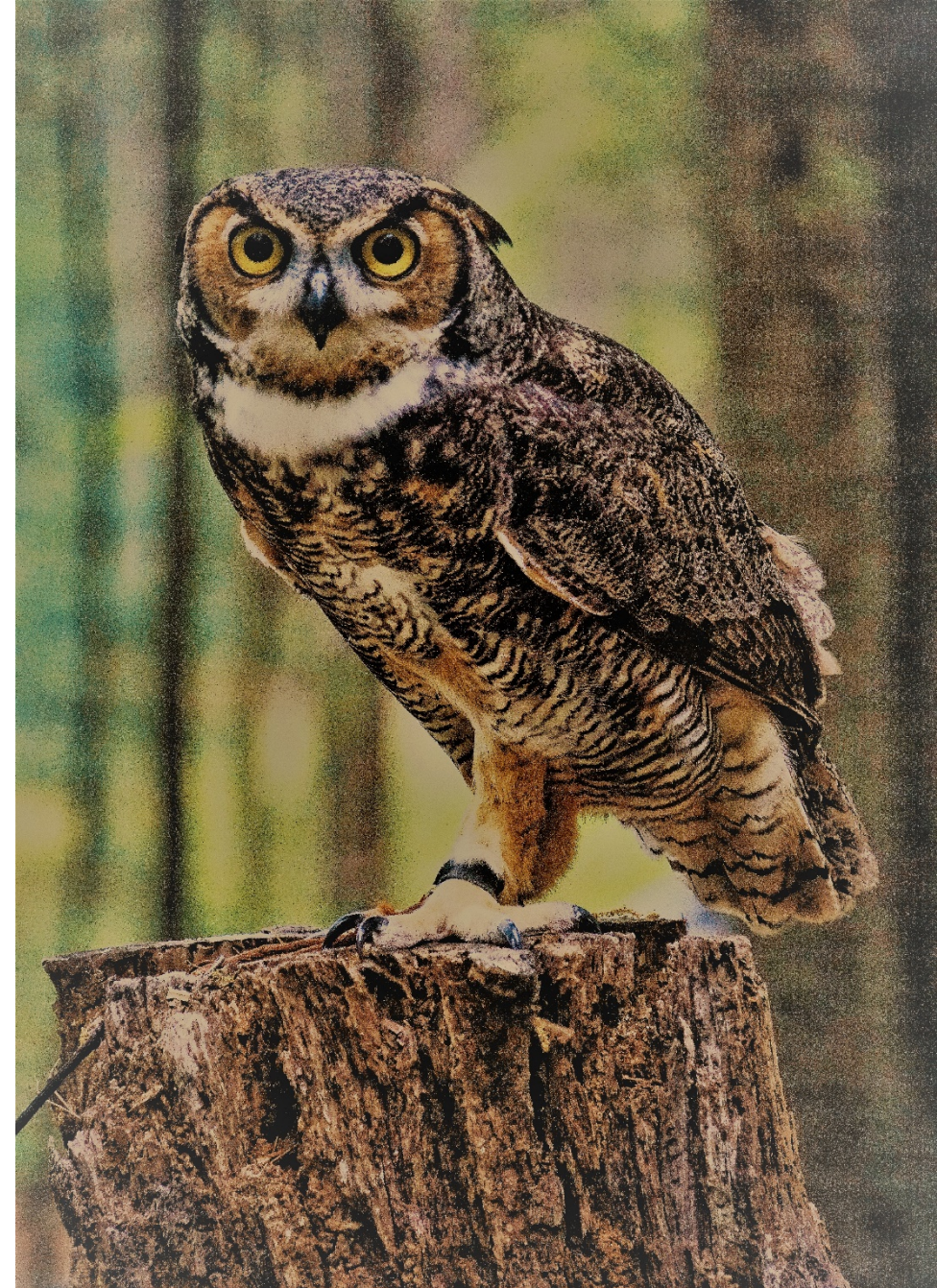
# 2

## Overview of Moody's Analytics SolvencyWatch Solution

# SolvencyWatch

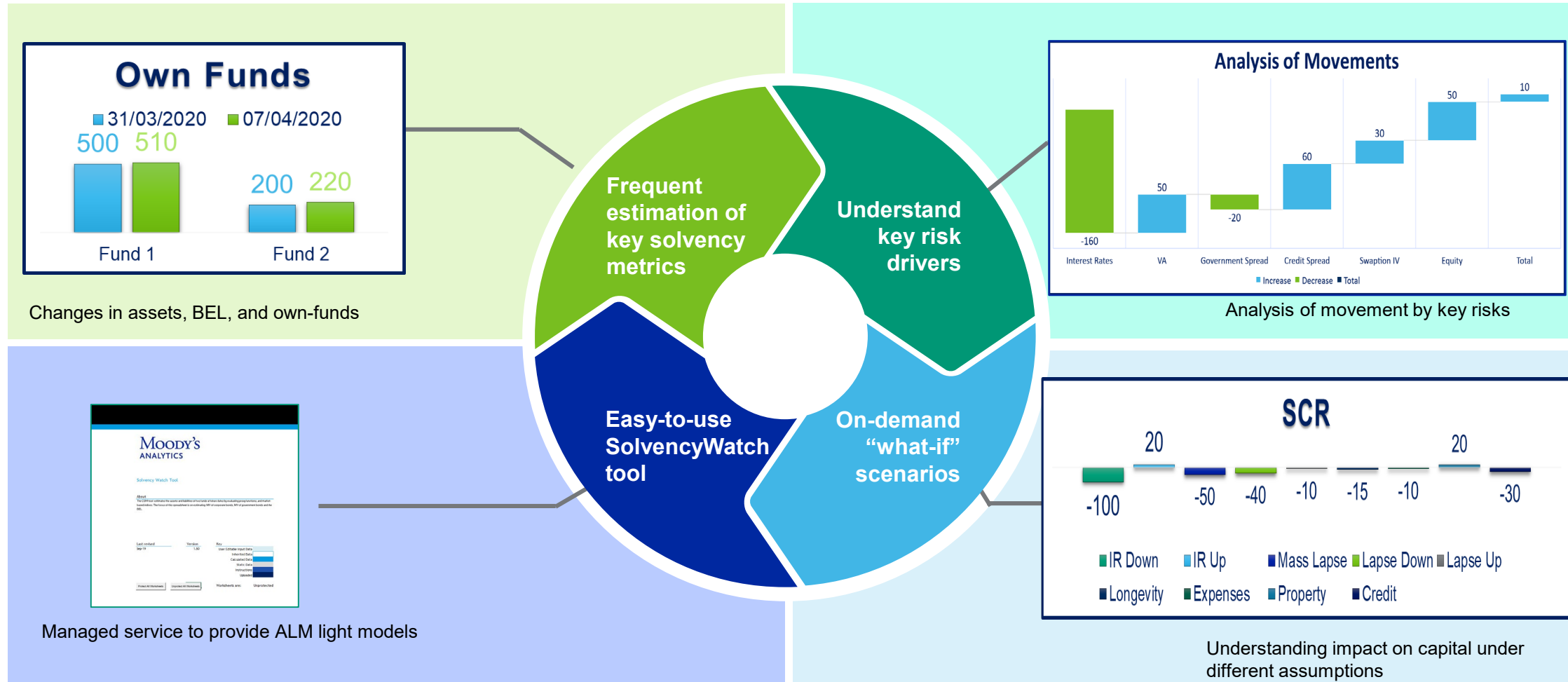
## Proposition

Moody's Analytics SolvencyWatch solution provides **frequent calculation** of key solvency metrics, under changes to **market** and **non-market** (life) risks, to support CROs and Risk teams **monitoring** insurers' capital positions.



# SolvencyWatch Solution

## Solution components

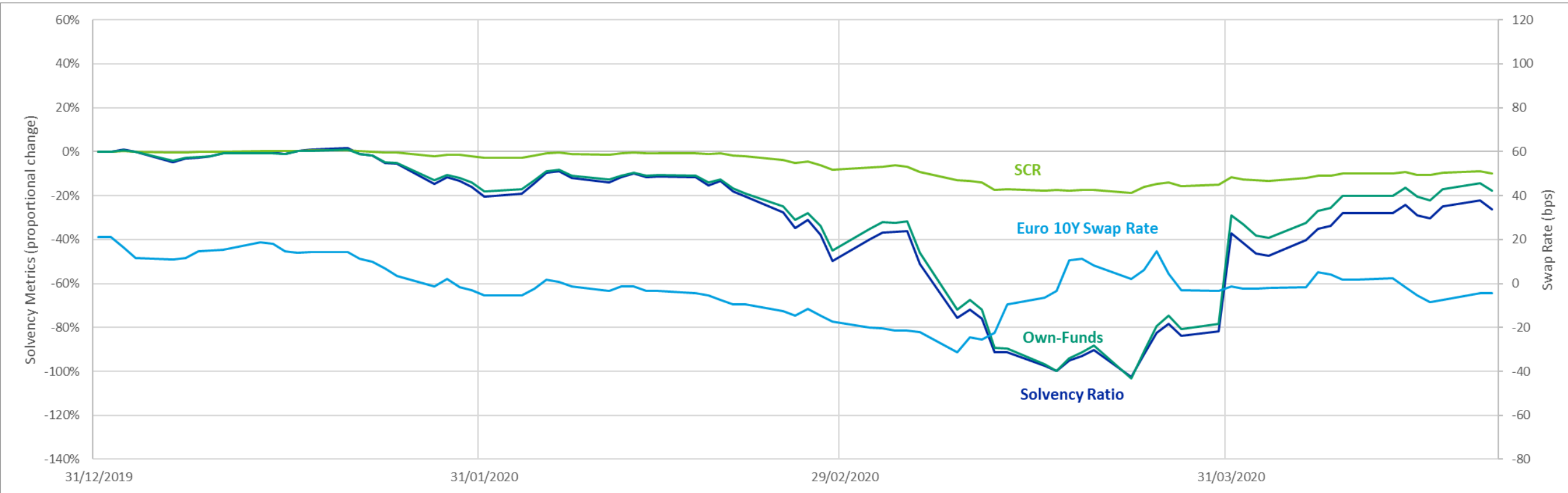


# 3

## SolvencyWatch Solution in Action

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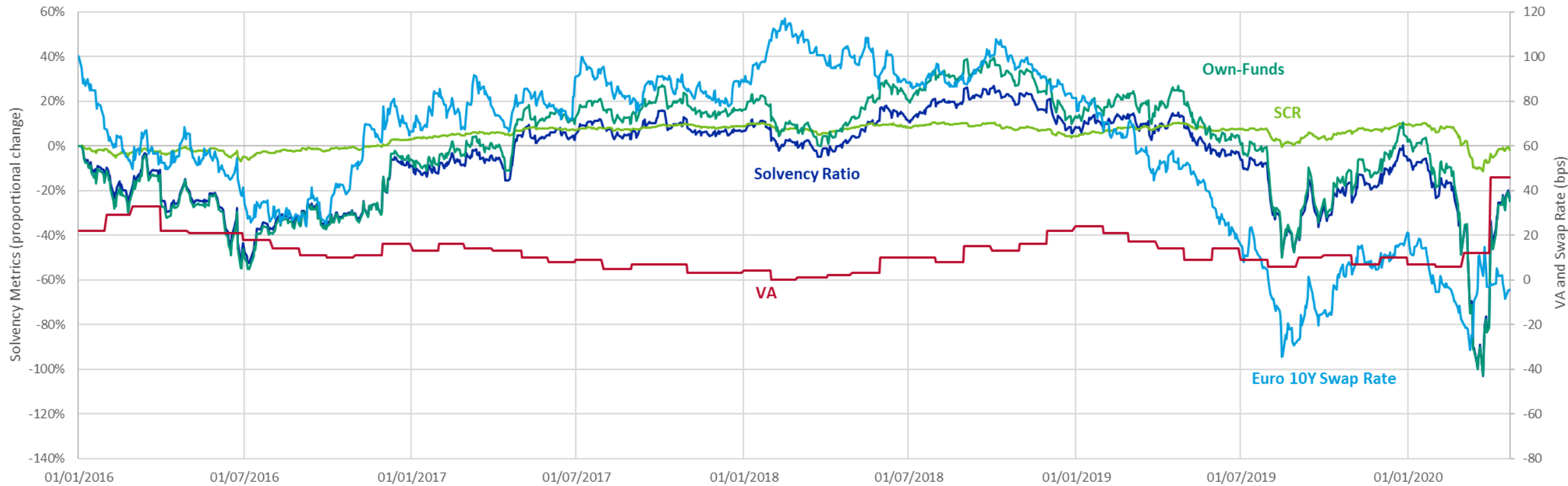
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- Change in swaption and equity Implied Volatility
- Change in volatility adjustment
- Change in credit spread levels

# SolvencyWatch Solution in Action

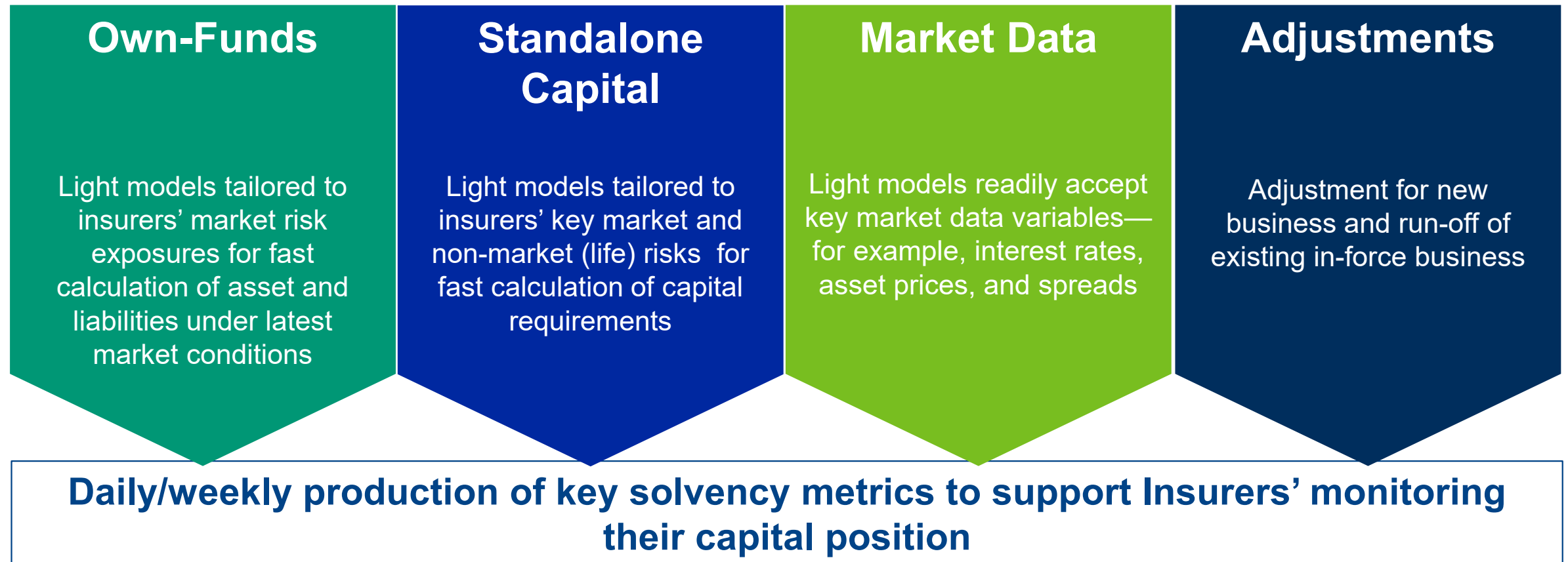
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# How it Works

## SolvencyWatch Solution



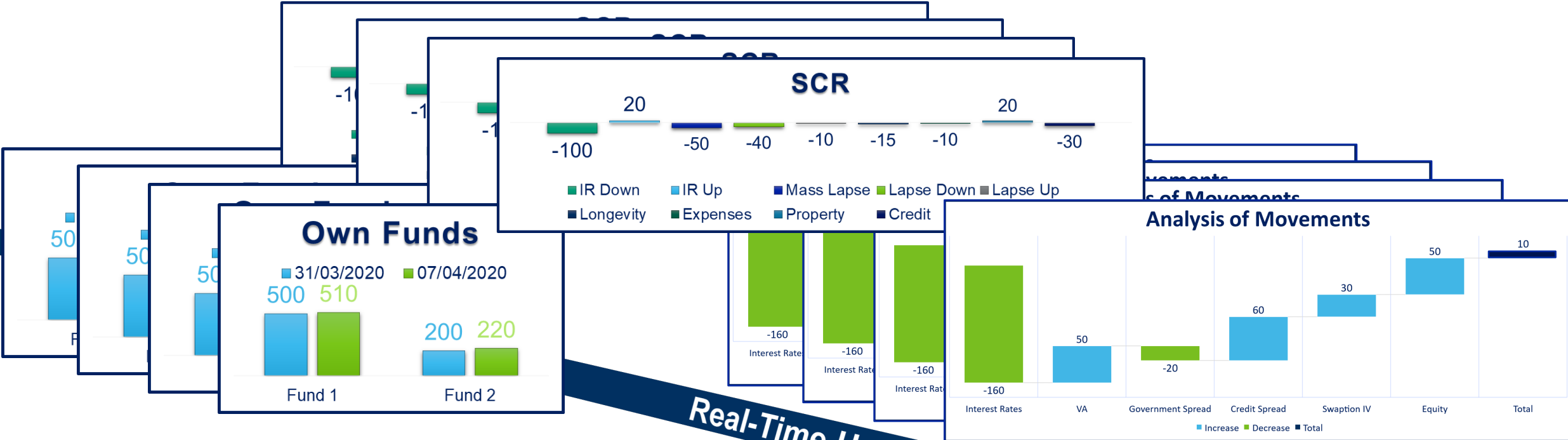


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Benefits for Chief Risk  
Officers

# What SolvencyWatch Solution Provides

Real-time solution, on-demand results



*Real-Time Updates*

Updated under latest market conditions

On-demand "what-if" analysis

time

# Benefits for Chief Risk Officers

## SolvencyWatch Solution



**Real-time updates**



**Greater control**



**Cost effective**



**On-demand  
“what-if”**



**Narrative to  
explain changes**



**Moody's Analytics  
technical expertise**



# Questions

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