

COURSE OUTLINE:

Insurance Credit Analysis

3 days
24 CPE Credits

Overview

This seminar will show participants the framework and tools necessary to analyze life insurance and nonlife insurance companies credit risk utilizing the publicly available methodologies of our sister company, Moody's Investors Service. The sessions will cover an overview of the insurance industry, insurance financial statements and analysis, examine how the operating environment—including a detailed look at regulations—affects insurers, detail how Moody's Investors Service analyzes insurance firms and assigns ratings, including an explanation of key ratios, and analytical factors such as product mix and distribution, exposure to risk assets, liquidity management, capital adequacy, financial flexibility, and underwriting and reserving. The course will offer a combination of presentations, discussions, exercises, and case studies.

Learning Objectives

Upon completion of this seminar delegates will be able to:

- » apply a structured framework to analyze life and non-life insurance companies
- » identify and analyze key qualitative and quantitative risk factors
- » assess, calculate, and interpret key ratios
- » evaluate an insurer's strength based on its published financial information
- » gauge credit risk and determine relative creditworthiness of insurance firms
- » detect early warning signals of financial distress

Who Should Attend

This seminar is designed for professionals whose job entails either exposures to, investments in, or dealings with life insurance and/or nonlife insurance companies, including insurance company executives, investment and commercial bankers, credit analysts, regulators, fixed income professionals, bond analysts, corporate treasury staff, bank relationship managers.

Program Level: Introductory/Intermediate

Prerequisites: No prior analytical experience is necessary

Delivery Method: Group-Live

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

WHY MOODY'S ANALYTICS?

Current and Consultative

Our seminars are created and updated utilizing the extensive experience, skills and research of Moody's Analytics. For in-house training, we work with you to understand the distinct needs of your organization and design, implement, and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation, and enhancement.

Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include banking, finance, sales negotiation and leadership development:

Unparalleled Expertise

Our training solutions leverage over a century of experience in risk assessment and the comprehensive tools, data, and analysis of Moody's Analytics to deliver timely, in-depth, and comprehensive knowledge. In delivery, our people make the difference – they combine deep experiences as financial practitioners, intellectual passion for the content, and superior academic credentials with a commitment to delivering outstanding quality.

Insurance Credit Analysis – Agenda

DAY ONE

Session 1: Insurance Overview

- » Markets
 - Life
 - General (nonlife or Property and Casualty)
 - Reinsurance
- » Products
 - Life: with profits, guaranteed investment contracts (GICs), unit-linked
 - General: Long-tail vs short-tail
 - Reinsurance: proportional vs non-proportional
- » Business Models
 - Distribution
 - Cyclicalities
 - Relation to balance sheet

Session 2: Financial Statements and Accounting

- » Insurance specific accounts and nomenclature
 - Major accounts
 - Balance sheet: deferred acquisition costs (DAC), reserves, including incurred but not reported (IBNR), capital, valuation of assets and liabilities
 - Income statement: premium definitions, reserving
- » IFRS and GAAP vs. Statutory
 - Differences and drawbacks
- » Embedded Value
 - Genesis, theory, and details
 - Traditional Embedded Value, European Embedded Value (EEV), Market Consistent Embedded Value (MCEV)
- » Ratios
 - General: Combined ratio and reserve development
 - Detailed calculations and exercise
 - Other ratios-both Life and General
 - Underwriting and reserving
 - Profitability and efficiency
 - Capital, debt, and liquidity

Session 3: Analytic Viewpoints

- » Credit market
 - Credit Default Swaps (CDS) and bond spreads
- » Equity market
 - Price: book ratio, market performance and drivers
- » Ratings agencies
 - Rate through the cycle
 - Market Implied Ratings
- » Regulators
 - Formerly focused on capital and liquidation, now much more nuanced.

DAY TWO

Session 4: Operating Environment

- » Macroeconomic
 - Sovereign and global issues
 - Impact on performance of insurers
- » Industry
 - Penetration and number of participants
- » Regulations
 - Themes and details of regimes globally
- » Solvency II
 - Details of emerging global standard; Solvency II equivalence

Session 5: Management

- » Analytical tools
- » Impact on ratings

Session 6: Moody's Investors Service Ratings and Rating Methodologies

- » Ratings types
 - Insurance Financial Strength Rating (IFSR), Issue, Foreign and local currency
- » Ratings meanings
 - Relative measure of creditworthiness
 - Based on expected loss
- » Ratings scorecard
 - Mechanics and theory that buttress them
 - Starting point: adjustments and notching
- » Notching
 - Based on seniority and support

Insurance Credit Analysis – Agenda (Cont...)

DAY THREE

Session 7: Business Performance and Risk

- » Ratios
 - Underwriting, reserving, expenses
- » Scorecard development
 - Relative weight of ratios and scoring
- » Ratings exercise: Non-Life Insurer

Session 8: Solvency and Capital Considerations

- » Ratios
 - Asset quality, profitability, leverage
- » Capital instruments
 - Subordinated, hybrid, and innovative capital
- » Scorecard development
 - Relative weight of ratios and scoring
- » Ratings exercise: Life Insurer

Session 9: Early Warning Signals

- » Non-financial signals
- » Financial signals
- » Causes and examples of distress

Tailor Any Seminar for Your Organization

Moody's Analytics offers customized training and eLearning solutions to help you maximize your training investment. Our hands-on approach benefits companies of all sizes and requirements – from those with just a few local employees to those with staff dispersed around the globe. Contact us to learn more and to work with one of our training consultants to design the right program for your organization.

Multiple Bookings

Special rates may be available for multiple seminar or group bookings. Please contact us for details.

Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and seminar materials. Seminar fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the seminar. Registrations may be cancelled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another seminar, but fees will not be refunded. We reserve the right to cancel or reschedule seminars at any time. For further information on our refund and complaint policy, please contact us.

CONTACT US

AMERICAS

TrainingAmericas@moodys.com
+1.212.553.4387

EMEA

TrainingEMEA@moodys.com
+44.207.772.1569

ASIA

TrainingAsiaPac@moodys.com
+852.3551.3131

Copyright © 2018, Moody's Analytics, Inc. and/or its licensors and affiliates.