

ALM session

ALM in non complete markets,
interactive session

Session practicalities

- Interactive session: please join in when
 - Puzzled
 - Irritated
 - Wanting to share experiences
- Goal of the session
 - Investigate specifics of ALM in the Caribbean
 - Exchange good and bad experiences
 - Evaluate possible management actions

ALM process: liabilities

- Look deeply into the policy liabilities
 - Exact policy wording
 - Legal and supervisory restrictions
- Type of profit sharing
 - External vs. internal
 - Competitive pressure
- Other embedded options (GAO,...)

ALM process: assets (1)

- Liquidity in the market: sustainable in bad times?
- Possibility of large transactions
- Maturity fixed in some instruments
- Availability derivatives
 - Equity options
 - Interest rate swaps
 - Options on interest rates

ALM process: assets (2)

- Real assets available
 - Real estate
 - Mortgage markets/private loans
 - Other...

ALM process: restrictions

- Supervisory rules
- Legal obligations (restrictions on movement of capital)
- Tax restrictions (realization of profit)
- Accounting (good management may lead to bad accounting results, IFRS)
- Local traditions

ALM process: management

- What does management want with the company?
- What reports do you have and need?
- Is there a clear governance with limits and mandates?
- How autonomous are the investment managers?