Portfolio Stress & Scenario Testing

EVALUATING INSURERS' INVESTMENT RISKS

Insights Gained From Known or Potential Market Extremes Enhance Your Risk Awareness

Quantifying risk and return is challenging and one-metric-fits-all approaches don't account for the nuanced complexities insurance companies face. Bringing various metrics to life in an actionable way such that value is created for the organization can be additionally challenging.

NEAM can support your organization's investment risk management efforts by providing extensive and intuitive analytics to assist you as you navigate the landscape of evolving risk methodologies. Our analytics can drill down into data deemed relevant to your specific asset risk information needs and help add value to your organization.

WHAT IS NEAM'S PORTFOLIO STRESS AND SCENARIO TESTING?

NEAM's portfolio stress and scenario testing provides analytics to inform your understanding of upside potential and down-side risk. We offer:

- Extensive portfolio, sector and investment risk factor stress assessment
- Historical stress event evaluation, e.g. portfolio and sector loss estimates during financial crises, pandemics or other capital market stresses
- Portfolio and sector Value-at-Risk
- Forward looking hypothetical stress events and scenario analysis

NEAM IS READY TO HELP WITH YOUR PORTFOLIO RISK JOURNEY. EMAIL US FOR A CUSTOMIZED PORTFOLIO STRESS & SCENARIO ANALYSIS.

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What you can expect from NEAM's Portfolio Stress & Scenario Testing

NEAM's customized asset stress and scenario testing supports framing of your financial risk preferences. It's intended to compliment your organization's risk and capital modeling frameworks, in part by measuring investment exposures and uncertainty relative to risk preferences and tolerances. Our analysis can support your investment risk articulation needs and contribute to risk assessments by your management team, the board of directors, rating agencies and regulators.

LEVERAGING NEAM'S PORTFOLIO STRESS & SCENARIO TESTING

- Investment risk appetite development and awareness
- Knowledge of investment "risk landscape" on a historic and estimated prospective basis
- Holistic assessment of portfolio risk and drill-down into its drivers
- Portfolio risk sensitivity analysis
- Portfolio construction
- Internal risk management and governance
- Regulatory and Rating Agency considerations
- Own Risk and Solvency Assessment (ORSA)

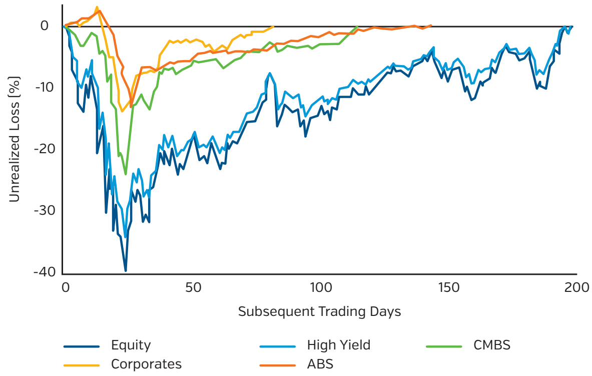
REPORTS OFFERED

Historical Observations: Evolution of portfolio risk through historical market cycles and periods of stress

Future Events: Evaluation of hypothetical stress scenarios

"What-If?" Analysis: Scenarios based on different risk factor outcomes, presenting estimates of future potential losses and returns

Historical Stress Event's Analysis



"What-If?" Return Analysis

Credit Spreads: *Widening* ← → *Tightening*

Interest Rate Changes	+++	++	+	0	-	- -
+300	-19.9	-12.7	-7.2	-3.1	-3.1	-1.6
+200	-18.5	-9.8	-3.3	-0.7	0.4	1.9
+100	-17.1	-6.7	-0.4	1.6	4.1	5.7
+50	-15.2	-5.0	1.4	2.8	5.9	7.5
0	-14.4	-2.9	2.6	4.0	7.8	9.4
-50	-12.7	-1.7	5.1	5.2	9.7	11.3
-100	-11.0	-0.1	6.9	6.4	11.5	13.2
-200	-7.5	2.9	9.9	8.4	14.5	16.1

Source: NEAM

Figures are for illustrative purposes only

NEAM New England Asset Management

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