

Strengthen Your Risk and Capital Management Capabilities

Teradata and DFA Team Their Technologies

Insurance companies like yours need to be able to integrate risk data from across the enterprise and build an infrastructure that supports swift, sound decision making, decisions based on an accurate understanding of what's happening across your business and around the world.



Meeting that challenge requires some specific skills and strengths. For starters, you must be able to create a detailed view of your daily transactions. Why? So you can quickly – and confidently – report that all regulatory requirements are being met. So that you will be able to manage assets and liabilities, capital, operational risks, strategic and performance management, even pricing and reinsurance better. And so you can make crucial bottom-line decisions based on timely and accurate data.

You face day-in, day-out data management challenges, too. Data quality, relevance,

auditability, transparency, acquisition, and access are all significant obstacles in the search for enterprise risk and capital management improvements. You need complete confidence in the accuracy of the information you're using. And you need to see clearly how that information relates to the performance reports being delivered up and down your enterprise.

A Partnership of Technologies

That's where a strategic partnership between Teradata and DFA Capital Management (DFA) can help. We've partnered to provide you with an innovative enterprise risk and capital management solution. We've integrated our industry-leading technologies to deliver a comprehensive data and analytical alternative that will let you realize real competitive advantage. How? Through greater accuracy in strategic decision making, regulatory and ratings agency compliance, and the allocation of capital and resources.

The integration of DFA's Advanced Decision and Value Simulation Engine (ADVISE) and General Economic and Market Simulator (GEMS) with Teradata's data warehouse technologies and capabilities makes this a major breakthrough in meeting the stringent requirements for primary carriers and reinsurers in the property, casualty, life, and annuity sectors of the insurance industry in North America and Europe.

DFA products focus solely on the insurance industry and are tailored to the unique requirements of insurance company risk analysis. ADVISE, for example, forecasts future balance sheets, income statements, and cash flow exhibits based on similar current financial inputs, user-defined market assumptions, and a business plan. ADVISE is made up of modules that model your company, its assets and liabilities, and an array of outside economic factors. GEMS, a critical component of ADVISE, is the economic scenario generator module.

ADVISE also features stochastic forecasting allowing you to run Monte Carlo-type simulations based on 1,000 or more trials and can generate loss ratios by line of business, taking into account correlations, catastrophes, and the impact of soft or hard insurance markets.

Act – Don't Just React

Teradata's data warehouse platform and data management consulting capabilities combined with DFA's robust analytical software engine creates an end-to-end solution for managing risk and capital. It's a combination that will help you achieve a single view of customer value as it aligns risk management and financial information. This means you can move your risk management practices from a reactive support function to a proactive role – a move that's essential to sound corporate development and strategic planning.

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Business Functions Supported	Risk and Capital Management	Investments	Finance	Product Management
DFA Applications	<ul style="list-style-type: none"> > Enterprise Economic Capital Calculation > Allocation of Capital for Performance Measurement 	<ul style="list-style-type: none"> > Detailed Models of Assets and Liabilities > Variable Annuity Hedging Metrics 	<ul style="list-style-type: none"> > Strategic Planning > Performance Targets > Reinsurance Optimization 	<ul style="list-style-type: none"> > Product Pricing > Product Development > Portfolio Analysis for Underwriting > Risk Aggregation Analysis
Teradata Functions	<ul style="list-style-type: none"> > Scale: <ul style="list-style-type: none"> - Asset, Liability Life and P/C source data and assumptions on one platform - Manage high volume simulation output data 	<ul style="list-style-type: none"> > Internal Integration <ul style="list-style-type: none"> - With Source Data - With Analytics - With Other Business Functions > External Integration 	<ul style="list-style-type: none"> > Data Feed Quality <ul style="list-style-type: none"> - Automated - High Frequency - Low Lag > Real-time 	<ul style="list-style-type: none"> > Auditability > Control > Security

Now, you'll be able to spend less time dealing with costly and time-consuming data management tasks, and more time on more valuable activities, such as enterprise risk management, capital, and performance issues, all of which can mean improved ratings and increased shareholder value.

Meet Your Challenges Head-On

Teradata's data management solution lets you meet the challenges of data integration and management across your enterprise. DFA is a strategic application that allows your key managers to make informed decisions about capital management. DFA's products model the assets and liabilities of the entire business with an understanding of all of the correlations and interdependencies. By coupling central-

ized data and powerful analytic software, you can identify the best opportunities for maximizing the return on capital while meeting regulatory requirements.

The Teradata and DFA solution solves the identification and quantification of all possible sources of risk and the impacts on capital. And because it gives you a better understanding of all the correlations and interdependencies between investments and insurance operations, the solution will provide answers to critical management business questions such as:

- > How much capital is needed to support current and future business?
- > How does this relate to ratings safety?
- > How should capital be allocated to business segments?

- > Which segments create shareholder value – or destroy it?
- > Which segments can provide profitable growth?
- > How can we price properly for risk?

The data and analytics of this end-to-end enterprise solution provide a vast decision support capability that you can deploy across your company, so you can measure risk at a granular, transaction level, as well as on a broader balance sheet and income statement level. The solution's business decision support ranges from product development and pricing to exposure analysis, actuarial analysis, treaty level reinsurance management, diversification and hedges, asset liability management, capital measurement and allocation.

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Identify Your Opportunities for Growth

With centralized data and powerful analytic software, you'll be able to identify the best opportunities for maximizing your return on capital while meeting regulatory requirements with confidence. And you'll be able to realize measurable improvement in the return on capital, develop focused strategies for funding the balance sheet, and create positions to reduce the costs of reinsurance. There's more. The solution also gives you:

- > More accurate risk projections.
- > Better audit trail, transparency, and consistency.
- > More granular and higher quality source data.
- > Faster time to results.
- > Robust back-testing.
- > Complete planning and performance management cycle based on a true dynamic risk model.
- > Better validation through the ability to reconcile to systems for performance management, pricing, and planning.

- > Better measurement of risk at the customer relationship level.
- > Consistent risk management metrics across the enterprise.
- > Maximum capital efficiency – full advantage of portfolio effects.

About Teradata

Teradata is the technology leader in enterprise data warehousing, analytic applications, and data warehousing services. Organizations around the world rely on the power of Teradata's award-winning solutions to get a single, integrated view of their business to enhance decision making, customer relationships, and profitability.

Teradata brings you a blend of technology and experience unavailable from any other source. We've been providing innovative, best-in-class business solutions and technologies for some of the world's most successful data warehouses for 25 years. And we have long supported integrated, centralized data warehouses under some of the most demanding environments.

About DFA Capital Management, Inc.

DFA Capital Management, Inc. is the market leader in dynamic financial analysis software for the insurance and financial services industries. DFA's software-based financial and risk management system is a foundation for competitive advantage for any insurance company with multiple business lines, reinsurance activities, rapidly changing business portfolios, and significant premium volumes.

DFA's financial and risk management solution is flexible, verifiable, scalable, and integrated with the data assets and management processes of the enterprise.

For More Information

To find out more about how Teradata and DFA can help you align analytical capabilities across your organization for better decision making and added business growth, contact your local Teradata representative or visit Teradata.com.

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