



Advancing ALM for Bermuda and beyond

Unlock BSCR compliance
and strategic advantage with
asset liability optimization



Bermudian regulations have evolved. Can your ALM strategy keep up?

As the reinsurance capital of the world, Bermuda has developed one of the most sophisticated risk-based capital regimes on the planet. And with its sharp focus on Asset Liability Management (ALM), the Bermuda Solvency Capital Ratio (BSCR) framework is driving international insurers and reinsurers to take risk mitigation and balance sheet optimization to the next level.

Through BSCR, the Bermuda Monetary Authority (BMA) has introduced principles-based capital requirements, a need for more dynamic reserving models and heightened expectations for capital adequacy. But in line with global standards like Solvency II, firms must also demonstrate precise liability modeling with transparent governance and fully integrated, scenario-driven asset liability projections.

In short, actuarial rigor is now the order of the day. But with Bermuda's rapid growth in asset-intensive business, annuity reinsurance, pension risk transfer and long-duration life blocks, models are becoming exponentially more complex for insurers and reinsurers that operate there.

Does your organization have the ALM tools it needs to maintain not only compliance but also operational excellence?

Next-generation ALM

In an increasingly complex regulatory environment, ALM has evolved beyond cash-flow matching, intensifying demand for more sophisticated technology.

Within insurance and reinsurance companies, actuaries and asset managers need tools that can help them model liabilities, assets and ALM interactions, make regulatory capital projections and optimize investment portfolios.

Each of these goals is challenging enough on its own. But with the right capabilities, insurers and reinsurers can achieve them all to manage their capital positions, mitigate risks and remain competitive.

Building capabilities for BSCR

When you're testing scenarios and reviewing assumptions, methodologies and capital calculations for BSCR, you need to model your liabilities with precision, auditability and consistency. Amid escalating demands from regulators, auditors, investors and rating agencies, you must also be able to onboard new blocks of business quickly and align with cedant models.

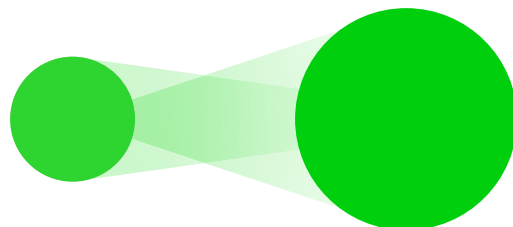
The BMA is increasingly expecting reinsurers to go beyond basic ALM and demonstrate their ability to manage interest-rate shocks, credit migration, liquidity risk and reinvestment strategies under coherent economic scenarios.

Powerful, modern ALM solutions enable you to address this challenge through deterministic and stochastic modeling frameworks. By helping you quantify how different risks interact and capital evolves over time, deterministic and stochastic projections deliver exactly the kind of holistic, scenario-driven view of the balance sheet that Bermuda's sophisticated regulatory environment requires.

Best estimate liability calculations

For the Bermudian balance sheet, you need to calculate Best Estimate Liability (BEL) – the starting market value of assets required to satisfy all product cash flows. BEL calculations require actuarial ALM projections, so models must be able to iterate through a series of asset value amounts to project the actuarial surplus for each.

It takes comprehensive ALM analytics to meet the BMA's stringent requirements. You need an asset-ranking algorithm to help you automatically calculate BEL and nested stochastic capabilities to forecast both BEL and BSCR.



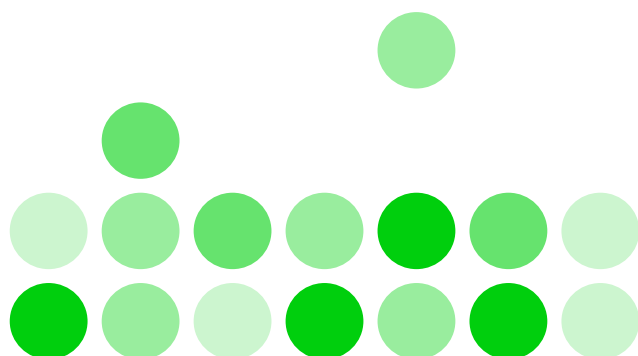
Optimizing assets and liabilities

With ALM becoming more critical to both compliance and competitive advantage, leading insurers and reinsurers no longer just manage assets and liabilities – they optimize them. They are using powerful technology to drive the next generation of balance sheet management.

Advanced, integrated solutions for asset liability optimization complement actuarial and ALM systems by including:

- **Proprietary portfolio construction tools** that enhance competitive differentiation in the reinsurance asset management arena.
- **Sophisticated modeling tools** that integrate actuarial and asset management functions to support modern capital efficient strategies.
- **Actuarial modeling libraries** for U.S. annuities, life, LTC, health, pensions, P&C and more – helpful for global reinsurers taking on diverse liabilities.
- **Dynamic asset liability interaction modeling tools** including exotic derivatives, structured securities (ABS, CMO, RMBS), customized investment strategies and disinvestment logic.
- **Automated, CUSIP level portfolio construction** grounded in liability characteristics, mapping directly to reserve and capital outcomes.
- **Nested stochastic capital projections** across RBC, Solvency II, BMA and global regulatory frameworks – crucial for multinational groups optimizing capital deployment.

A new generation of optimization platforms enables reinsurers to translate actuarial projections into investment strategies, evaluate Strategic Asset Allocations (SAAs) and understand how investment decisions influence liabilities, reserves and capital volatility.



This creates a true ALM-investment integration layer that aligns actuarial and portfolio management functions, a capability investors and rating agencies increasingly expect. It also helps identify new revenue opportunities, especially as simple annuity blocks become crowded, and more complex liability structures offer attractive margins.

Operational excellence for strategic advantage

With automation, enterprise controls and data management capabilities, a comprehensive solution for asset liability optimization helps significantly reduce model risk, accelerate quarterly close processes and improve audit readiness.

Many reinsurers still rely on Excel or internally built models to achieve compliance and manage risk. As a result, they face slower processes, limited governance and difficulty defending results from regulators.

By contrast, an asset liability optimization solution industrializes your workflows, delivering faster runs, stronger controls, repeatable quarterly cycles and materially lower model risk. This facilitates smoother interactions with regulators such as the BMA and fewer capital surprises.

At a strategic level, your (re)insurance organization will be better able to:

- Price transactions with confidence
- Optimize capital across global regulatory regimes
- Build higher-yielding portfolios aligned with liability risk profiles
- Evaluate hedging, reinsurance and SAA strategies under consistent scenarios
- Support growth while keeping capital efficient and aligned with risk appetite

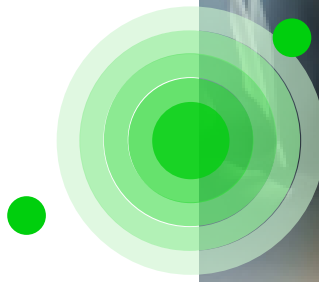
With today's advanced technology, ALM practices can advance, not just respond. That means focusing on strategies that directly link reserve values to asset performance and the integration of actuarial models in asset managers' practice.

Now you can both make better decisions and streamline your processes. By integrating market analytics tools into your liability models, you can carry out actuarial projections using real-time data to help you manage risk and capital even more effectively.

Unlock BSCR compliance and strategic advantage with FIS®

As a market-leading actuarial modeling and risk management platform, FIS® Insurance Risk Suite – Prophet provides a comprehensive optimization solution that allows you to advance ALM and foster greater collaboration between actuaries, investment managers and other key stakeholders. Get in touch with us today and learn how we can help your business navigate complex regulations such as BSCR, optimize capital efficiency and drive competitive advantage in the dynamic world of insurance.

Unlock more



Money at rest. Money in motion. Money at work.™

Our **technology** powers the global economy across the money lifecycle.



Money at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.



Money in motion

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.



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Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

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