

Workshop on Economic Scenario Generators

Date: 2nd May, 2014

Venue: Hotel Orchid, 70/C, Nehru Road, Adjacent to Domestic Airport, Vile Parle (E), Mumbai - 400 099

Timings: 09:00 am- 06:00 pm

CPD Credit: 4hrs

The Educational Committee has scheduled a Workshop on Economic Scenario Generators

Synopsis

Economic Scenario Generators (ESG) is being extensively used in:

- Insurance capital calculations (internal and regulatory);
- Projection of single and multi-year asset and liability values for ALM management and risk management in general;
 - distribution of future scenarios;
 - stress testing;
- Valuation of complex insurance liabilities;
- Market consistent valuations;
- Pension management, asset management, strategic asset allocation;
- Long-term financial risk management.

Case studies of these methodologies will be worked through. The desirability of using the same scenario generator for all purposes is stressed.

The emphasis is on:

- (i) Understanding mechanisms for generating the economic and market scenarios;
- (ii) calibration of the model to current and historic data, and expectations of future Economic conditions;
- (iii) The strengths and weaknesses of the scenario generators;
- (iv) gaining buy-in of the scenarios within management;
- (v) Qualitative and quantitative aspects of the scenarios;

The course is an initiation to the concepts – formulas are eschewed in favour of understanding. However, a set of spreadsheets will be available with all formulas embedded in them to show their application. Hands on computer exercises may be undertaken through the day.

A very quick review of statistical techniques relevant to ESG will be given where necessary: Monte Carlo simulation; descriptive statistics; statistical bootstrapping; non-standard statistical distributions; extreme value theory; copulas.

Who should attend?

Anybody creating or working with off-the-shelf Economic Scenario Generators; supervisors of staff that are using these tools; senior managers of quantitative staff; risk committee members; regulators.