A new package of capabilities designed to support insurance cash flow analysts in generating dynamic asset cash flows and analytical risk reporting for asset-liability management.

BondEdge® Cash Flow Analyst for Insurance is a new package of product capabilities designed to assist insurance cash flow analysts, including investment actuaries, with generating scenario driven dynamic asset cash flow projections and analytical risk reporting for asset-liability management of insurance asset portfolios.

For many years, analysts within the insurance industry have leveraged the robust analytical and asset modeling tools and comprehensive security database coverage of Interactive Data’s market-leading BondEdge service for fixed income portfolio and security risk analysis, dynamic asset cash flow analysis, and regulatory and rating-agency based reporting.

This new offering further expands BondEdge for the insurance market, combining customizable portfolio risk and dynamic cash flow projections and presentation style graphics with automated, flexible reporting capabilities. It can also assist in meeting regulatory and ratings agency-based requirements, such as New York State Regulation 126, the AM Best Supplemental Rating Questionnaire, and Standard & Poor’s U.S.-based insurance risk-based capital (RBC) model.

BondEdge is built on the Microsoft®.NET Framework and provides a highly intuitive, flexible user interface. BondEdge is available to customers as an on-site software installation or through an OnDemand Software as a Service (SaaS) option. It includes an extensive structured finance deal library, cash flow engine, and term structure and prepayment models, enabling clients to generate dynamic risk measures and asset cash flows for agency and non-agency residential mortgage-backed securities, including sub-prime issues, as well as asset-backed and commercial mortgage backed securities.

**KEY FEATURES**

**Extensive Security Coverage, Including Structured Finance Library**

- Comprehensive security database, including treasuries, agencies, corporates, fixed and adjustable mortgage-backed pools, agency and non-agency RMBS, asset backed securities, CMBS, preferred stock, munipals
- Derivatives coverage, including interest rate futures, interest rate and credit default swaps, caps/floors, and OTC options
- Flexible bond modeling tools for private placement securities and client-created bonds

**ROBUST ANALYTICAL AND CASH FLOW MODELS**

- Arbitrage-free Multi Factor and Single Factor Interest Rate Term Structure Model
- Structured Finance Cash Flow Engine
- Mortgage-backed Prepayment Modeling with Monte Carlo-based analytics
- Bond Option Model with implicit finite difference method
Integrated Risk Management System

CoMPREhEnsIVE sEt oF sECuRIty And PoRtFolIo oPtIon-AdJustEd RIsK MEAsuREs, InCludInG:

- Effective Duration and Convexity (par or spot curve)
- Option Adjusted Spread (government or swap curve)
- Key Rate Durations
- Spread Duration
- Volatility Duration
- Prepayment Duration

Dynamic Cash Flow Analysis for Asset-Liability Management and Regulatory/Rating Agency Reporting

BondEdge provides the ability to generate customizable cash flow analysis in a highly automated and efficient manner at the security and portfolio level which can be used by clients for risk management analyses and to help prepare regulatory reports (e.g. in connection with NY State Regulation 126). Cash flow analysis can be generated for either single or multiple interest rate scenarios. Clients can create groupings of portfolios, interest rate scenarios, and liabilities within custom folders, providing a framework for the ability to produce large volumes of cash flow analysis in a sensible manner.

The dynamic asset cash flow analysis in BondEdge generates principal and interest cash flows given parallel or non-parallel shifts to the government or interest rate swap curve. Robust term structure, option, and mortgage prepayment models are used to determine security and portfolio cash flows for each interest rate scenario. These models are critical when projecting scenario cash flows for option-embedded securities such as callable bonds, MBS pools, and agency and non-agency CMOs. Loss modeling via client specified projected defaults, severity, and trigger status is also incorporated when generating cash flows for non-agency residential MBS.
BONDEDGE CASH FLOW ANALYST FOR INSURANCE

DYNAMIC ASSET CASH FLOW REPORTING FEATURES

BondEdge Provides Report Writing Capability For Dynamic Cash Flow Analysis, Including:
- Custom summary/security field selection
- Category subtotals (e.g. sector/quality/bond type for segmented cash flow analysis
- Presentation Style Cash Flow graphics
- Portfolio segment filters based on security characteristics (e.g. sector/quality attributes)

BondEdge Standard Reports, Including:
- Dynamic Cash Flow by Sector Analysis
- Dynamic Cash Flow by Quality Analysis

Multiple Scenario Analysis – Reporting And Graphics

Scenario/Liability Selection Flexibility
- Folders enabled
- Macros enabled

Production Flexibility for Report Output Generation
- BondEdge Report Books (PRO) enabled
- File naming conventions expanded

Swap Curve Based Scenarios Supported

STRESS TESTING TOOLS

BondEdge provides capabilities for the generation of simulated and book values based on shifts to the government or interest rate swap curve and credit spreads. Robust term structure, option, and prepayment models are used to compute horizon security, portfolio, and benchmark values. Prepayment model assumptions may also be changed.

- Parallel/non-parallel interest rate shifts
- Credit spread shifts for sectors/industries/issuers
- Credit spread shifts by underlying collateral/tranche types
- Flexible report creation at security/portfolio
- Comparison to liability benchmarks supported
- Prepayment User Scaling – stress/alter BondEdge prepayment model assumptions in an automated fashion

PORTFOLIO “WHAT-IF” ANALYTICS FOR PRE-TRADE ANALYSIS

BondEdge provides the ability to measure the effects of trading on both a market value basis and book value basis, including before/after portfolio risk characteristics and distribution analysis.

CREDIT LOSS MODELING FOR STRUCTURED SECURITIES

- Credit trigger setting toggle, set future default expectations, loss severity
- Portfolio and Security Loss Adjusted Measures, including: yield, effective duration, convexity, total return projections, and dynamic cash flow analysis

BONDEDGE API

BondEdge includes an analytical measures and trade analysis application programming interface (API) designed to provide clients with seamless access to:
- Security-level derived analytical measures
- Static Cash Flows
- Stressed Measures – parallel/specified scenario simulations
- Bond Swap Analysis
- Portfolio What-if Analysis

Interactive Data®
REGULATORY AND RATING AGENCY REPORTING

BondEdge employs cash flow projection, stress testing, convexity risk procedures to help clients in meeting regulatory and ratings-agency based requirements, such as New York State Regulation 126, the AM Best Supplemental Ratings Questionnaire, and Standard & Poor’s U.S.-based insurance risk-based capital (RBC) model.

THIRD PARTY SYSTEM INTEGRATION

Export Capabilities To Insurance Asset/Liability Modeling Systems, Including:
- TAS Tillinghast Actuarial Software™
- Tillinghast MoSes™
- Milliman MG-ALFA®
- GGY Axis

Import Capabilities From Accounting Systems, Including:
- Princeton Financial Systems PAM®
- SS&C Technologies, Inc. CAMRA™

For additional information, visit www.bondedge.com.
Contact (310) 664-2524, email be.info@interactivedata.com

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