

**Vendor:** IBM

**Exam Code:** M2020-622

**Exam Name:** IBM Risk Analytics for Insurance and Pensions Sales Mastery Test v1

**Version:** Demo

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**QUESTION NO: 1**

Which is the appropriate qualifying question for a prospect for the IBM Algorithmics Actuarial & Financial Modeler?

- A. Are you struggling to adapt your current actuarial models to address new business requirements?
- B. Are you building an internal model for Economic Capital or Solvency II?
- C. What are your plans for consolidating input data from various systems'?
- D. What methodology do you use to aggregate market and non-market risk?

**Answer: B**

**Explanation:** Algorithmics Actuarial and Financial Modeling provides a range of business benefits, including:

\*Advanced actuarial modeling to undertake the full spectrum of global actuarial calculations, and address the challenges of 'real-world', principles-based modeling.

Supports regulatory compliance including Solvency II and other regimes.

\*Scalable modeling and production infrastructure enables full transparency, audit, workflow and control over the modeling process.

\*Critical decision support enables more effective, risk-informed business strategies.

\*Helps reduce actuarial costs and optimize ease of use with swift implementation and processing speeds.

Note:

\*Supports regulatory compliance

Enhances confidence with a secure modeling and production environment that supports compliance across a range of risk-based regulatory and other supervisory regimes, including Solvency II and IFRS.

**QUESTION NO: 2**

Which type of global insurance company must comply with the regulations introduced by Solvency II?

- A. European-based Life insurer with GPW of less than 5M Euros
- B. A Tokyo-based multi-line insurer with an open market value of more than 100M Euros
- C. A London-based multi-line insurer with GPW of 10M Euros
- D. A North American based Property & Casualty Insurer with GPW of \$10M

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**Answer: C**

**Explanation:**

\*Solvency II is an EU legislative programme to be implemented in all 27 Member States, including the UK. It introduces a new, harmonised EU-wide insurance regulatory regime. The legislation replaces 13 existing EU insurance directives.

\*The Solvency II Directive 2009/138/EC is an EU Directive that codifies and harmonises the EU insurance regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency.

### **QUESTION NO: 3**

What is the product at the core of the IBM Algorithmics Economic Capital and Solvency II: Compliance and Reporting Edition?

- A. Netteza
- B. IBM Algorithmics Actuarial & Financial Modeler
- C. Collateral Management
- D. Open Pages for Insurance Risk

**Answer: B**

**Explanation:** Compliance and Reporting Edition

\*Offers a pre-configured, robust and rapid implementation solution for Solvency II that focuses on a Standard Formula approach. Provides you with the capabilities of Algo Financial Modeler, a powerful actuarial and financial modeling engine, combined with a workflow, governance and reporting tool to deliver an end-to-end solution for Solvency II

\*Algo Financial Modeler can either calculate liability cashflows or act as an aggregation layer to consolidate cashflows generated by existing actuarial systems.

\*Offers the flexibility to scale up to the more advanced feature set of the Enterprise Edition to meet the challenges of changing business requirements and growth.

### **QUESTION NO: 4**

Which of these C-level executives would be a key influencer for the selection of a Solvency II Compliance Solution?

- A. Senior Vice President of Global Sales
- B. Chief Marketing Officer
- C. Vice President of European Sales

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D. Chief Investment Officer

**Answer: C**

**Explanation:**

\*Solvency II is an EU legislative programme to be implemented in all 27 Member States, including the UK. It introduces a new, harmonised EU-wide insurance regulatory regime. The legislation replaces 13 existing EU insurance directives.

\*The Solvency II Directive 2009/138/EC is an EU Directive that codifies and harmonises the EU insurance regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency.

### **QUESTION NO: 5**

Which risk management technique is currently the main motivation for pension funds to acquire new risk management systems?

- A. Operational Risk
- B. Liability hedging strategy
- C. Corporate counter party risk
- D. Sovereign debt risk

**Answer: B**

**Explanation:** Pension funds currently face a multitude of challenges and risks. We believe liability hedging (also known as liability matching) is an effective way to help de-risk a fund.

### **QUESTION NO: 6**

Which one of the following is the key legislative driver for insurance companies and pension funds to improve their risk management processes?

- A. Basle II
- B. Basle III
- C. Solvency II
- D. Dodd Frank

**Answer: D**

**Explanation:** Dodd-Frank:made changes in the American financial regulatory environment that

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affect all federal financial regulatory agencies and almost every part of the nation's financial services industry.

Incorrect:

Not A: Basel II, initially published in June 2004, was intended to create an international standard for banking regulators to control how much capital banks need to put aside to guard against the types of financial and operational risks banks (and the whole economy) face.

Not B: Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity risk.

Not C: The Solvency II Directive 2009/138/EC is an EU Directive that codifies and harmonises the EU insurance regulation.

### **QUESTION NO: 7**

How does Algorithmics address the different requirements for each size of institution that exists within the overall insurance and pensions markets?

- A. Tailored solutions
- B. Partner solutions
- C. New acquisitions
- D. Better presentation of single solutions

**Answer: A**

**Explanation:**

### **QUESTION NO: 8**

Which IBM Algorithmics Solution for the Insurance industry is delivered as a managed service?

- A. IBM Algorithmics Actuarial and Financial Modeler
- B. IBM Algorithmics Portfolio Construction and Risk Management for Fund Managers: Reporting Edition
- C. IBM Algorithmics Economic Capital and Solvency II: Enterprise Edition
- D. IBM Algorithmics Economic Capital and Solvency II: Compliance & Reporting Edition

**Answer: B**

**Explanation:**

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Note:

\*Algorithmics Portfolio Construction and Risk Management for Fund Managers is offered in three editions – Reporting, Managed and Installed

**QUESTION NO: 9**

Which Solvency II solution supports both Standard and Internal Formulas?

- A. IBM Algorithmics Economic Capital and Solvency II: Enterprise Edition
- B. IBM Algorithmics Portfolio Construction and Risk Management for Fund Managers
- C. IBM Algorithmics Actuarial and Financial Modeler
- D. IBM Solvency II Accelerator

**Answer: A**

**Explanation:** The Algorithmics Economic Capital and Solvency II solution supports the development of an internal model and/or a Standard Formula approach.

**QUESTION NO: 10**

What is the appropriate solution for an insurance company, managing its own assets, seeking an asset focused market risk solution?

- A. IBM Algorithmics Portfolio Construction and Risk Management for Fund Managers
- B. IBM Solvency II Accelerator
- C. IBM Algorithmics Actuarial & Financial Modeler
- D. IBM Algorithmics Economic Capital and Solvency II: Enterprise Edition

**Answer: A**

**Explanation:** Algorithmics Portfolio Construction and Risk Management for Fund Managers solution offers an advanced risk framework to optimize portfolio performance and risk oversight while addressing client and regulatory demands for better reporting in a timely fashion. The solution is designed in three editions – Reporting, Managed and Installed – to support the requirements of Fund Managers for both absolute and relative risk, irrespective of their size, level of sophistication or objectives.