



Insurance Asset-Liability Management and Investment Strategy Training Course



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Introduction:

Insurance asset-liability management and investment strategy is the subject of this 5-day course for insurer investment managers, treasury leads and finance teams, ending with an ALM and Investment Strategy Plan for a case insurer. Many insurers hold portfolios that look sound on return but are badly matched to the timing of claims and benefit payments, leaving the organisation exposed when rates move or cash is needed quickly. Nominees already work with insurer portfolios or balance sheet figures, and teaching is by modelling build in spreadsheets. CoreConcept Training Center delivers this insurance asset-liability management course.

Course Objectives:

- Map an insurer's assets, liabilities and surplus and classify liability profiles for life and general business by duration and cash-flow shape
- Calculate Macaulay, modified and key rate duration and convexity for bonds and liability cash flows, and measure the duration gap
- Construct a cash-flow matching ladder and set rebalancing rules that keep the gap within an agreed limit
- Build strategic asset allocation options for life and general insurers and compare them against surplus, risk appetite and return targets
- Run liquidity and interest-rate stress tests and design a hedging overlay and contingent funding register
- Assess how discount rate changes under IFRS 17 flow into insurance finance results and equity, and produce an ALM and Investment Strategy Plan with limits and monitoring

Target Audience:

- Investment managers responsible for insurer portfolio construction, bond selection and mandate oversight
 - Treasury leads accountable for cash forecasting, liquidity buffers and funding sources
 - Finance managers who report investment results and balance sheet sensitivity to senior management
 - Risk managers who set investment limits and run market and liquidity stress tests
 - Actuarial liaison managers who supply liability cash flows to investment and finance teams
 - Investment committee secretaries who prepare allocation papers and monitoring reports
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Course Outline:

Day 1: Insurer Balance Sheet Foundations and Current-State ALM Assessment

- Insurer Balance Sheet Map of Assets, Liabilities and Surplus
- Life and General Insurance Liability Profiles Compared by Duration
- ALM Governance Cycle with Investment Committee Reporting Lines
- Risk Appetite Statement Linking Solvency, Liquidity and Return Targets
- Current-State ALM Gap Assessment Using Asset and Liability Data Extracts

Day 2: Duration, Convexity and Cash-Flow Matching Techniques

- Macaulay and Modified Duration Calculation for Bond Portfolios
- Key Rate Duration and Convexity Measures for Liability Cash Flows
- Cash-Flow Matching Ladder Construction with Bond Maturity Schedules
- Immunisation Conditions and Duration Gap Rebalancing Rules
- Liability Discount Curve Selection and Its Effect on Asset Benchmarks

Day 3: Strategic Asset Allocation for Life and General Insurers

- Strategic Asset Allocation Process for Life Insurers with Long-Dated Liabilities
- Strategic Asset Allocation for General Insurers with Short Claims Tails
- Efficient Frontier Optimisation with Liability-Relative Surplus Constraints
- Asset Class Limit Setting Across Fixed Income, Equity and Property
- Credit Quality Ladder and Spread Risk Budgeting for Bond Portfolios

Day 4: Liquidity Risk, Interest-Rate Risk, Hedging and IFRS 17 Interaction

- Liquidity Stress Testing with Surrender, Catastrophe Claim and Collateral Scenarios
- Liquidity Coverage Ladder and Contingent Funding Source Register
- Interest-Rate Shock Scenarios and Net Asset Value Sensitivity Analysis
- Derivative Overlay Hedging with Swaps and Futures for Duration Gaps
- IFRS 17 Discount Rate Effects on Finance Result and Equity

Day 5: Modelling Build for an ALM and Investment Strategy Plan

- Case Life Insurer Duration Gap and Cash-Flow Matching Model Build
 - Case General Insurer Liquidity Ladder and Stress Test Worksheet
 - Strategic Asset Allocation Comparison of Three Candidate Portfolios Against Surplus
 - Investment Committee Limit Framework and Monitoring Dashboard Specification
 - ALM and Investment Strategy Plan Completion and Peer Challenge Review
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Skills You Will Gain:

- Duration Gap Measurement
- Cash-Flow Matching Design
- Liability-Aware Portfolio Construction
- Strategic Allocation Comparison
- Liquidity Stress Testing
- Interest-Rate Sensitivity Analysis
- Hedging Overlay Evaluation
- Investment Limit Framework Design

Why Attend This Course:

- Deliver an ALM and Investment Strategy Plan to the chief investment officer, chief financial officer and investment committee
- Decide whether a mismatch calls for rebalancing bonds, adding a hedge or holding more liquid reserves
- Avoid forced asset sales, solvency pressure and earnings swings when rates move or claims spike
- Coach colleagues in actuarial, finance and risk teams on reading duration, liquidity and allocation reports consistently

Conclusion:

Back at work, the participant presents the ALM and Investment Strategy Plan to the chief investment officer, chief financial officer and investment committee, who use it to approve allocation ranges, duration limits and liquidity buffers. Finance and risk teams use its sensitivity tables to explain movements in value and reported results. After the first quarterly cycle, the unit should review actual duration gaps, liquidity ladder usage and allocation drift against the plan, then adjust limits, hedges and reporting.

Frequently Asked Questions FAQ:

What should participants know before an insurance asset-liability management and investment strategy course?

Participants should already work with insurer portfolios, treasury cash forecasts or balance sheet reporting and be comfortable with spreadsheets and bond basics. Bringing liability cash flow projections or a portfolio listing from their own organisation makes the modelling work more useful.

How does an insurance asset-liability management course differ from an actuarial or IFRS 17 course?

It concentrates on the asset side and the matching decision: duration, cash flows, allocation and liquidity. Actuarial courses teach pricing and reserving, and IFRS 17 courses teach contract measurement and reporting, so both appear here only as inputs.

Why does insurance asset-liability management start with duration and cash-flow matching?

Insurers owe payments on dates set by their contracts, so asset timing determines whether claims can be paid without forced sales. Duration measures sensitivity to rate changes, and a cash-flow ladder shows where payments fall due without matching assets.

What do participants take back from the insurance asset-liability management and investment strategy course?

Participants take back an ALM and Investment Strategy Plan, plus a duration gap workbook, a liquidity ladder template, an allocation comparison sheet and a limit and monitoring framework adaptable to their own insurer.