Trusted Advisor or Compliance Enforcer?

> *"Can anybody remember when the times were not hard and money not scarce?"*
> Ralph Waldo Emerson

Of all the various roles Finance can play in an insurance company, the two most necessary to balance are complying with legal, tax, and regulatory requirements and dispensing sound advice on the efficient allocation of capital and resources. In the first, Finance must focus on enterprise risk management requirements and regulatory standards. In the second, it leverages its extensive expertise in understanding what resources are required to generate which types of premium and investment income to maintain the capacity to write new business. It is uniquely positioned to play this second role because, while most commercial functions push as far as they can in a single direction, Finance must evaluate the insurance company's contrasting economic realities to manage capital adequacy in a world of increasing catastrophic risk and underwriting uncertainty.

How Finance strikes this balance (and many others) to a large measure determines the success or failure of the business. Is your budget a tool to control costs, or to sponsor investment? Depending on economic circumstances, and where various products and services fall in the market life cycle, one choice is better than the other.

Finance is the mind of the business, using a structured approach to evaluate the soundness of the many business propositions and opportunities you face every day. Information feeds this process, and Finance has more information than most departments. As it fills its role of balancing—aligning processes and controls while advising the business on future directions—Finance faces a number of barriers when it comes to information and how to use it:

Barrier 1: ***Lack of information needed to regulate what has happened and shape what will happen***

In today's world, Finance requires new levels of information about past and present processes and events to meet its surplus requirements and regulatory compliance responsibilities, e.g., Sarbanes-Oxley. *Did the right employee or department approve a particular policy application (operational risk)? Did the appropriate customer evaluation approval process and risk assessment take place before accepting a new policy application (credit risk)? Do reinsurers have sufficient capital* *resources to pay catastrophic claims (market risk)?* For some insurance companies, the information demands of compliance and control have forged better relationships between Finance and IT. They have led to changes in information gathering and collaboration methods (such as converting disconnected spreadsheets into business intelligence, for example) to drill down to risk control detection and prevention details.

But while Finance works to manage these issues, it must also ensure the information investment helps drive its other key responsibility: helping guide decisions that make a difference to the future bottom line.

A well-informed executive team and heads of commercial functions all look to Finance to help the business unit plan its future with confidence, not simply manage compliance and controls. Finance must pay attention to the drivers that make profit, using value-added analysis to extrapolate the impact of these drivers on tomorrow's results—and anticipate them when necessary.

Valuing, monitoring, and making decisions about intangible assets exemplifies the interconnection and sophistication of the information Finance requires. Regarding human capital, for example, Human Resources and Finance must work together to identify the value-creating roles of individuals, reflect their worth, and manage their growth, rewards, and expenses.

Without information sweet spots that show both the status of control and compliance and the impact of drivers on future business opportunities, Finance can't strike the necessary balance.

Barrier 2: ***The relevance, visibility, and credibility of what you measure and analyze is designed for accounting rather than business management***

Finance collects, monitors, and reports information with distinct legal, tax, and organizational requirements to fulfill its fiduciary role. But Finance also needs an integrated view of these and other information silos to fill its role of advisor. This role requires not simply reporting the numbers, but adding value to those numbers.

For example, executives must understand the costs related to various activities, lines of business, and services. Finance must, therefore, categorize relevant financial line items across a wide range of detailed and hierarchically complex general ledger accounts. Without this integrated view, the executives will lack the comprehensive understanding around premium growth and statutory profitability to manage the various business units and product offerings effectively.

Another example: Risk-adjusted returns and effective customer segmentation is not possible without an integrated enterprise approach to information. With the increasing need to develop a "tailored" value proposition designed from a customer perspective, this gap increasingly affects the long-term success and competitiveness of an insurance company.

"This is a really efficient tool for company management. The implementation resulted in a significant reduction of time required to consolidate the data of over 600 geographically distributed sources of financial information. It also allowed for the presentation of departments' budgets in one single format. The costs relating to changing of budget models were reduced, because all changes can be seen at all workstations, almost in an instant. The tasks that took several hundred man-hours and, consequently, considerable time, financial, and human resources, can now be accomplished in just one day."
Alexander Belavin, Deputy Chariman, JSIC Oranta Board of Directors, Oranta

Barrier 3: ***Finance must balance short term and long term, detailed focus and the big picture***

Finance balances different and contradictory requirements. It must deliver on shareholder expectations every 90 days; it must also determine a winning vision and a strategy to achieve that goal over quarters and years. Insurance companies can cut costs and investments to meet short-term profit objectives, but at what point does this affect long-term financial performance? A well-informed executive team is better able to understand the drivers, opportunities, and threats when balancing short- and long-term financial performance.

Executives and financial analysts define performance in terms of shareholder value creation. This makes metrics such as net income, earnings per share (EPS) growth, or economic value added (EVA) important. However, these distilled financial measures tell only part of the story. You need to augment them with more detailed measures that capture risk ratios, asset quality, operating efficiency, market share gains, and revenue growth targets to understand the real performance of the business, and strike a good balance between long- and short-term growth.

Barrier 4: ***Finance must find the path between top-down vision and bottom-up circumstances***

To what extent should goals be set top-down versus bottom-up? *If the executive team mandates double-digit net income growth, does this translate into sensible targets at the lower levels of the organization?* Does it require an underwriting return to be balanced with investment projections? Top-down financial goals must be adjusted to bottom-up realities. Finance must accommodate top-management vision while crafting targets that specific business units can achieve to generate growth while avoiding underwriting adverse selection pressures. This also requires a level of sophistication in analysis, planning and metrics up and down the organization.

This barrier particularly illustrates the importance of engaging frontline managers in financial reporting, planning, and budgeting. The need for fast and relevant information requires an interactive model. Frontline managers must assume some budgetary responsibility and feed back changes from various profit or cost centers as market conditions change. This decentralized model engages the business as a whole rather than relying on a centralized function to generate information.

Besides freeing up Finance for value-added decision support, bottom-up participation generates an expense and revenue plan that overcomes hurdles of relevance, visibility, and credibility. Individuals who engage in the process take responsibility for delivering on expectations. This helps expose drivers of success and failure that are otherwise lost in a larger cost calculation or financial "bucket"—for both the frontline manager and Finance.

> *"The system currently supports centralized financial planning and budgeting for the whole of Oranta's three-level hierarchical structure. This structure comprises the headquarters, regional directorates, representative offices, and over 2,500 sales outlets across Ukraine."*
>
> Alexander Belavin, Deputy Chairman, JSIC Oranta Board of Directors, Oranta

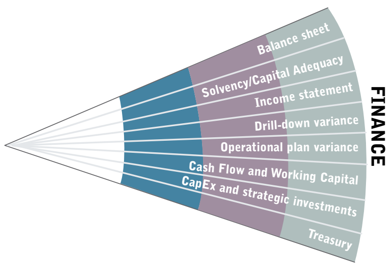
Balancing Short Term and Long Term, Past and Future, Compliance and Advisor

The information Finance uses to report what has happened and shape what will happen is critical to the rest of the organization. Dynamic tools that allow Finance to balance compliance and performance, accounting and business structures, short term and long term, top-down vision and bottom-up reality, are more important than ever. Information sweet spots can support Finance's responsibilities and decision areas.

A Balanced Financial Experience

Finance decision areas include:

- **Balance sheet ➔** How do we balance and structure the financial funding options, resources, and underwriting risks of the business to incorporate investment accounting and portfolio analysis requirements?
- **Solvency/Capital Adequacy ➔** How quickly can we leverage loss projections and reinsurance contract information to forecast restoration of adequate capital to overcome catastrophic losses?
- **Income statement ➔** How did the business team score? Where was performance strong or weak?
- **Drill-down variance ➔** What causes changes in financial performance?
- **Operational plan variance ➔** How do we best support, coordinate, and manage the delivery of meaningful plans?



- **Cash Flow and Working Capital ➔** How do we monitor cash use effectively?
- **Capital expenditure (CapEx) and strategic investments ➔** What are the investment priorities and why?
- **Treasury ➔** How can we efficiently manage cash, investment income requirements and cost of capital decisions for surplus targets?

Balance Sheet

The ratios generated from the balance sheet are frequently top of mind with Finance executives, who not only seek to balance the financial structure of the insurance company's assets and liabilities, but increasingly also to hedge the balance sheet to minimize market risks. These activities are associated with managing risk profiles for different market cycles, and since capital and risk are connected, the balance sheet and the associated capital adequacy standards are a key concern for any insurance company's strategic plans. Demonstrating there are effective Internal Controls for Financial Reporting (ICFR) is now an accounting standard in countries that require risk assessment audit assertions to accompany the annual statements of business results.

GOALS	METRICS	DIMENSIONS
Premium: Surplus Ratio Return on Assets (%) Investment Yield (%) Risk Adjusted Return on Capital (RAROC) (%) Reserves for Catastrophic Losses	Opening Balance ($) Average Balance ($) Ending Balance ($) Debt ($) Surplus ($) Fixed Assets ($) Fixed Assets/Assets (%) Liabilities ($) Liabilities-to-Surplus (%) Market Value ($) Premium/ Capital Employed (%) Premium/Operating Assets (%) Present Value of Expected Claims ($) Present Value of Expenses ($) Present Value of Surplus-Capital ($) Interest from Surplus-Capital ($) Tax Rate	Insurance Charter Location Country State / Province Company Insurance Company G/L Financial Accounts – Balance Sheet Lines Class Sub-class Account GL Account Risk Rating (ICFR) Risk Rating Organization Division Department Organization Code Product Product Type Product Product Line Line of Business Annual Statement LOB Reporting Periods Year Quarter Month

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Finance				
	Executives	•		
	Managers	•		
	Analysts	•		
	Professionals	•		
Audit				
	Executives			•
	Managers	•		
	Professionals	•		
Actuarial, Underwriting, Loss Control, Claims and Investment				
	Executives		•	
	Analysts		•	
Marketing				
	Executives		•	
Sales				
	Executives		•	
Tax				
	Professionals		•	
Regulatory/Legal				
	Executives			•
Compliance				
	Executives			•
Board of Directors				
	Executives			•
General Management				
	Executives			•

With increased statutory and rating agency oversight and the need to profile the line of business risks associated with reserves and capital allocations, the executive focus on the balance sheet has increased dramatically. The ability to leverage commitments both on and off balance sheet in a volatile market will directly impact the insurance company's ability to maximize its return on equity (ROE) or more appropriately its risk-adjusted return on capital (RAROC). RAROC reflects how well the business can convert capital into profit for a given line of business and risk exposure. Selling the financial performance and attractiveness of the business to regulators and new investors is an important Finance function. RAROC can be a benchmark that reflects positively or negatively on senior management and Finance. It highlights the importance of managing future capital, risk, and balance sheet decisions and having a clear understanding and sense of priority about which investment projects generate better returns. This understanding leads to the next decision area: capital adequacy and solvency review.

Solvency/Capital Adequacy

Global terrorism, climate change and demographic shifts are among the many significant external risk factors forcing the need for even deeper evaluation of insurance solvency assumptions for statutory requirements. Industry rating agencies require insurance portfolio stress tests of potential maximum losses to evaluate re-capitalization time frames and probabilities to recover from catastrophic hazards.

Insurance capital adequacy review requires systems-based linkages among financial planning, underwriting, and claims information. The identification of underwriting portfolio concentration in specific lines of business and locations needs to show evidence of exposure limit management. Coverage layers and reinsurance must be structured to limit capital erosion. Insurance book of business areas with potentially high solvency risk ratings need to show related contingency plans for capital restoration. Solvency analysis must tie-back to financial accountability for treasury management and income statement performance to sustain the capital levels required for bearing risks.

GOALS	METRICS	DIMENSIONS	
Industry Financial Rating Potential Maximum Loss ($) Reserve ($) Insurance Hazard Stress Tests (#) Re-capitalized Balance ($) Solvency Ratio (Capital Adequacy Ratio)	Average Balance ($) Net Written Premium ($) Incurred Loss ($) Terrorism Deductible (%) Reinsurance Premium ($) Reinsured Losses ($)	G/L Financial Accounts Class Sub-class Account Accounting Method GAAP / Statutory Method Insurance Risk Locations Territories Geo Codes Product - Coverage Product Line Coverage	Underwriting Layers Layers Insurance Hazards Hazards Stress Tests Catastrophic Loss Simulations Financial Account Reserves Reserve Accounts GL Account Risk Rating (GCFR) Risk Rating

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Finance				
	Executives	•		
	Managers	•		
	Analysts	•		
Actuarial				
	Executives	•		
	Analysts	•		
Underwriting				
	Executives	•		
	Analysts	•		
Claims				
	Executives		•	
	Analysts		•	
Loss Control				
	Executives		•	
	Analysts		•	
Investment				
	Executives		•	
	Analysts		•	
Tax				
	Professionals		•	
Regulatory/Legal				
	Executives			•
Audit				
	Executives			•
Claims				
	Executives			•
Board of Directors				
	Executives			•
General Management				
	Executives			•

Income Statement

This decision area represents the bottom line in statutory and generally accepted accounting principles (GAAP) evaluation of results. It is the cumulative score achieved by everyone in the business for a set period. Everyone needs to understand his or her individual contribution and performance measured against expectations from investors and regulators.

GOALS	METRICS	DIMENSIONS	
Combined Ratio Loss Ratio Expense Ratio Statutory Combined Ratio Dividend Ratio	Gross Written Premium Target Net Written Premium Target Net Earned Premium Target Acquisition Expense Target Gross Incurred Claims Target Net Incurred Claims Target Loss Adjustment Expense Target Operating Expense Target Management Expense Target Investment Income Target	Reporting Period Year Quarter Month Insurance Charter Location Country State / Province Company Insurance Company Organization Division Department Organization Code G/L Financial Accounts Class Group Account	Accounting Method GAAP / Statutory Method Financial Account Risk Rating (ICFR) Risk Rating Product Product Type Product Product Line Line of Business Annual Statement LOB Plan/Actual Scenario Scenario

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Finance				
	Executives	•		
	Managers	•		
	Analysts	•		
	Professionals	•		
Audit				
	Executives			•
	Managers	•		
	Professionals	•		
Investment				
	Professionals	•		
Actuarial, Sales, Claims, Customer Service and Underwriting				
	Executives		•	
Human Resources				
	Executives		•	
	Analysts		•	
IT/Systems, Marketing, Operations/Production and Purchasing				
	Executives		•	
Compliance				
	Executives			•
	Analysts		•	
Regulator/Legal				
	Executives			•
	Analysts		•	
Tax				
	Professionals		•	
Board of Directors				
	Executives			•
General Management				
	Executives			•

You must understand where variances above budget occur so you can correct the course. If costs are increasing too quickly, you risk damaging future profits unless you control them, adjust selling prices, or develop new markets. Unexpected premium spikes can mean additional resources are required to continue future growth. Adjustments such as these take time, and the sooner you take action, the sooner you improve margins and realize the full potential of a growth opportunity. The ability of Finance to quickly identify, analyze and communicate important variances has competitive implications for your company. How quickly the business capitalizes on a new situation is determined by how quickly it discovers budget variances and confirms accountability for financial reporting process controls.

Drill-Down Variance

Once you identify a difference between actual and plan, you need to drill down into the details to understand what caused it. *If the expense ratio increases by five percent between two time periods, was the cause greater transaction volume, lower pricing, or a change in the mix? Did your competitors have the same increase? Alternatively, have internal changes impacted costs or possibly the process used to allocate departmental costs? What are the drivers of these allocations, and are they directly attributable to the business activity? Also, if loss ratios increase, has the risk profile changed to affect IBNR (incurred but not reported) forecasts and loss adjustment expenses?*

Finance needs to understand the *why* behind changes. Explaining what drove changes in written premium, losses, expenses and net income provides a more complete picture to help guide the company.

GOALS	METRICS	DIMENSIONS	
Combined Ratio Change (%) Loss Ratio Change (%) Expense Ratio Change (%) Dividend Ratio Change (%)	Gross Written Premium ($) Net Written Premium ($) Acquisition Expense ($/%) Gross Incurred Claims ($/%) Net Incurred Claims ($/%) Loss Adjustment Expense ($/%) Operating Expense ($/%) Management Expense ($/%) Investment Income ($/%)	Reporting Period Year Quarter Month Organization Division Department Organization Code G/L Financial Accounts - Class - Group - Account	Accounting Method GAAP / Statutory Method Product – Coverage Product Line Coverage Plan/Actual Scenario Scenario GL Account Risk Rating (SCFR) Risk Rating

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Finance				
	Executives	•		
	Managers	•		
	Analysts	•		
	Professionals	•		
Audit				
	Executives			•
	Managers	•		
	Professionals	•		
Customer Service				
	Executives			•
	Analysts		•	
Compliance				
	Executives			•
	Analysts		•	
Marketing				
	Executives			•
	Analysts		•	
Operations / Production				
	Executives			•
	Analysts		•	
Purchasing				
	Executives			•
	Analysts		•	
Sales				
	Executives			•
	Analysts		•	
Claims				
	Executives			•
	Analysts		•	
Human Resources, IT/Systems, Actuarial, Regulatory/Legal, Underwriting, and General Management				
	Executives			•

"The planning system enables the creation of various budget models and versions, as well as forecast profits, losses, and cash flow on a company-wide basis and for individual regional directorates and branches."

Alexander Belavin, Deputy Chairman, JSIC Oranta Board of Directors, Oranta

Operational Plan Variance

Once Finance understands what caused performance variances, it can lead discussions about future operating plans. The ability to advise and push back on management plans is important. Knowing the *why* behind variances from plan helps companies reevaluate and improve the next plan.

Without this information, plans lose their purpose and become academic exercises to please senior management. Ideally, Finance offers input and feedback that other business areas can use for guidance. At the same time, these other areas provide frontline information to Finance that helps improve the plan. Such cross-functional and coordinated effort lets you test the roadworthiness of existing business plans.

GOALS	METRICS	DIMENSIONS
Expense Ratio	Actual vs. Plan ($/%)	Reporting Period
Loss Ratio	Plan / Forecast ($)	Year
Operating Cost Variance ($/%)	Department Costs ($/%)	Quarter
Overhead Cost Variance ($/%)	Salary Costs ($/%)	Month
	Employees (#)	Organization
	Acquisition Costs ($/%)	Division
	Direct Expenses	Department
	Other Expenses ($/%)	Organization Code
	Overhead Costs ($/%)	G/L Financial Accounts
	New Written Premium per Employee	Class
	Premium per Employee	Group
	Revenue per Employee	Account
	Claims filed per Employee	Product Line
	Policy Apps per employee	Product Line

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Finance				
	Executives	•		
	Managers	•		
	Analysts	•		
	Professionals	•		
Audit				
	Executives			•
	Managers	•		
	Professionals	•		
Customer Service				
	Executives			•
	Analysts		•	
Marketing				
	Executives			•
	Analysts		•	
Operations / Production				
	Executives			•
	Analysts		•	
Purchasing				
	Executives			•
	Analysts		•	
Actuarial				
	Executives			•
	Analysts		•	
Sales				
	Executives			•
	Analysts		•	
Human Resources,				
	Executives			•
	Analysts		•	
IT/Systems, Underwriting, Claims and General Management				
	Executives			•

> *"The information sweet spots allow us to run new, flexible types of analyses, giving a precise picture of past spending. The solution also enables us to identify possible future trends—something vital in helping us to increase contributions."*
>
> Manfred Latsch, Project Manager, BKK (Health Insurance)

Cash Flow and Working Capital

The management of cash balances is also associated with reserve management and the objective to minimize cash holdings. When cash balances increase significantly, investment managers need to evaluate if this is a short- or long-term occurrence and consider the appropriate action, such as a short-term money market instrument or a longer term government security. Equally, a cash shortage will require selling short-term liquid securities or possibly purchasing reinsurance premium. This daily activity extends to a cash management role. *Do cash positions reconcile? If not, why not?* Without the systems and information to manage these positions effectively, there are likely to be missed opportunities.

GOALS	METRICS	DIMENSIONS	
Net Cash Flow ($/%)	A/P ($)	G/L Sources of Funds	Organization
Working Capital Ratio (%)	A/P to Revenue (%)	G/L Uses of Funds	Division
A/R Days (#)	A/R ($)	Financial Accounts - G/L Lines	Department
A/P Days (#)	A/R to Revenue (%)	Class	Organization Code
	Gross Written Premium ($)	Sub-class	
	Ceded Premium ($)	Account	
	Assumed Premium ($)	Reporting Period	
	Investment Income ($)	Year	
	Paid Claims ($)	Quarter	
	Operating Expense ($)	Month	

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Finance	Executives	•		
	Managers	•		
	Analysts	•		
	Professionals	•		
Audit	Executives			•
	Managers	•		
	Professionals	•		
Sales	Executives			•
	Managers	•		
	Analysts		•	
Purchasing	Executives		•	
	Managers	•		
	Analysts		•	
Marketing	Executives			•
Claims	Executives		•	
	Analysts		•	
Compliance	Executives			•
	Analysts		•	
IT/Systems	Executives			•
	Analysts		•	
Operations/Production	Executives			•
	Analysts		•	
Regulatory/Legal, and Actuarial	Executives			•
Board of Directors	Executives			•
General Management	Executives			•

CapEx and Strategic Investments

Since capital expenditure (CapEx) has an impact on ROA performance, businesses must evaluate and monitor investment decisions carefully. Investments can range from minor to strategically significant; from a new computer to a market investment into a new country. Finance must ensure that CapEx and investment requests don't simply become wish lists. Finance must establish the basis for prioritizing and justifying capital expenditure. This means coordinating with different functional areas. For example, Finance must understand the impact of both yes and no before agreeing to new investments. *Will the business be exposed and lose market share if the investment is delayed? Will this action improve service standards or highlight data integrity problems across consolidated lines of business? Will expense ratio efficiencies be made over the longer term?*

Mergers and acquisitions represent the strategic dimension of investments. *What are the potential cost savings from combining the two businesses? If the insurance companies serve the same market or product segments, what is the likelihood of customer erosion and increases in IBNR loss forecasts?*

Understanding upside and downside impacts from potential investments is part of the evaluation process. Finance arbitrates such decisions, and requires detailed financial scenarios that forecast investment ROI and payback.

GOALS	METRICS	DIMENSIONS	
Investment ($)	Acquisition Profit Growth (%)	G/L Financial Accounts	Organization
NPV ($)	Acquisition Revenue Growth (%)	Class	Division
ROI (%)	Assets ($)	Sub-class	Department
	Breakeven Months (#)	Account	Organization Code
	Capital Employed Change ($/%)	Accounting Method	Plan/Actual Scenario
	Fixed Assets ($)	GAAP / Statutory Method	Scenario
	IRR (%)	Reporting Period	Potential Projects
	Payback Months (#)	Year	R&D Project Type
		Quarter	Project
		Month	Project
			Project/Program Type
			Project

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Finance	Executives	•		
	Managers	•		
	Analysts	•		
	Professionals	•		
Audit	Executives			•
	Managers	•		
	Professionals	•		
Marketing	Executives			•
	Analysts		•	
IT/Systems	Executives			•
	Analysts		•	
Operations/Production	Executives			•
	Analysts		•	
Actuarial	Executives			•
	Analysts		•	
Risk Management	Executives			•
	Analysts		•	
Sales	Executives			•
	Analysts		•	
Regulatory/Legal	Executives			•
Board of Directors	Executives			•
General Management	Executives			•

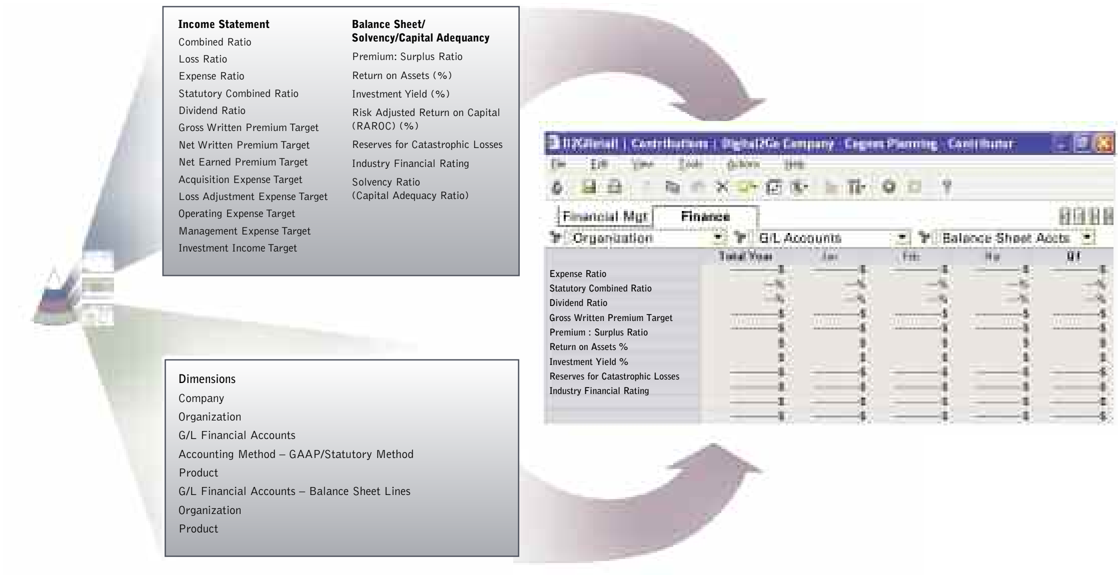
Treasury

The Treasury decision area moves beyond the tactical cash balances into the broader areas of the asset/liability mix, insurance investment strategy, capital adequacy, and surplus requirements. The objective is optimizing the cost of funds. Increasingly tailored solutions are available for Finance executives to lower the cost of capital. Improved collateral management can be achieved through the use of securities lending and tri-party repurchase agreements to more effectively leverage the insurance company's collateral. Lower costs of capital benefits are achieved through better utilization of securitized instruments owned by the insurance company, because the company is generating higher margins and reducing capital funding costs.

Effectively managing these asset/liability and liquidity options is a balancing act, and fine-tuning can make a difference. But without the appropriate system and information support, there will be lost opportunities in terms of managing the insurance company's cost of funds. Having access to current market information and aligning it with future business requirements is the key to effectiveness. Treasury performance is a critical component of solvency tests and surplus adequacy calculations.

GOALS	METRICS	DIMENSIONS
Investment Income ($/%) Investment Yield (%) Borrowing Cost ($/%) Net Liquidity ($)	Interest Rates Interest Income ($) Securities (#/$) Investment Risk Rating (Avg.) Investments - Market Value ($) Investments - Collateral Value ($) Securities Lending (#/$/%) Collateral Deals (#/$) Investment Gains ($) Investment Losses ($) Dividend Payments ($/%) Shares Issued (#) Shares Outstanding (#) Accrued Interest ($) Lines of Credit (#/$) Credit Rating Index	Valuation Buckets/Maturity Time Periods Securities Price Aging Periods Security Types Security Type Security ID Portfolio Status Sec. Lending/Repo Deals/Passive-Active Funds Depositories Depository Custodians Custodian / Security Account Cash Accounts Bank / Account Types / Accounts Investment Managers Investment Manager G/L Financial Accounts Financial Statements Class Sub-class Account Accounting Method GAAP / Statutory Method Reporting Period Year Quarter Month

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Investment				
	Executives	•		
	Managers	•		
	Professionals	•		
Audit				
	Executives			•
	Managers	•		
	Professionals	•		
Finance				
	Executives			•
	Managers		•	
	Analysts		•	
	Professionals		•	
Actuarial				
	Executives			•
	Analysts		•	
Risk Management				
	Analysts		•	
Tax				
	Professionals		•	
Underwriting				
	Executives			•
General Management				
	Executives			•



The Income Statement and Balance Sheet decision areas illustrate how the Finance function can monitor its performance, allocate resources, and set plans for future financial targets.