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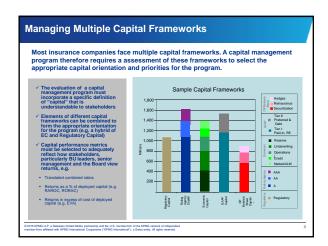
## Capital Management Framework (CMF) Objectives

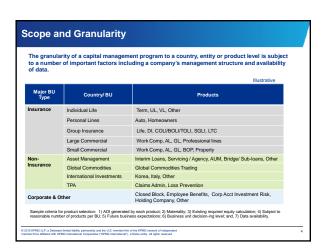
Industry practices capital management uses typically involve the following areas\*. Which are desired by your company?

- Determining capital adequacy
- Determining and monitoring risk appetite
- Determining capital allocation
- Strategy setting
- Business planning
- Structuring reinsurance and/or hedging programs
- Structuring access to capital
- Determining dividends and or stock buyback
- Measuring performance against targets

Note: these uses do not require an internal capital model (ICM), although many companies use an ECM to support these uses

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pital management framework requires adequate reporting to enable decision making. Key ctives and their underlying components are presented below.					
Objectives	Assessment of Capital Adequacy	Assessment of Risk Drivers	Assessment of Returns	Scenario Analysis	
Components	Carried capital vs required capital Redundancy /deficiency Changes over time Trajectories Various capital lenses	Risk drivers and associated allocated capital (risk type and business segments)     Modelled risks vs risk tolerances     ✓ Changes over time	V Underwriting returns vs risk adjusted hurdles Probability of success/failure w.r.t. targets Duration matched rf. inv. inc. Translation into underwriting metrics	✓ Underwriting scenarios ✓ Financial market scenarios ✓ Market share scenarios ✓ Rate level scenarios	

Data Visualization	

Sample cap	oital management dashb	oard:
	Capital Adequacy	Ratio = Actual / Required     Risk Appetite
	Risk Drill Down	Focus on Required (modeled) risk     Contribution of risk types to total
	Segment Drill Down	Focus on Required (modeled) risk     Contribution of segments to total
	Analysis of Change	Multiple evaluations     Changes in Actual and Required Capital

