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## FOR IMMEDIATE RELEASE

### NEW TECHNOLOGY ADDRESSES INSURERS' HEDGING CHALLENGE

#### *Real-Time Portfolio Statistics for Sub-Advised Assets Enhance Hedging of GLB Riders*

**DENVER—August 11, 2009**--UAT, Inc., the Denver-based technology and consulting company that developed the Unified Compliance and Control System (UCCS), has announced that the sub-advised industry's only pre-trade compliance, real-time governance reporting and brokerage cost savings system will improve the effectiveness and lower the cost of hedging programs for sub-advised insurance products.

The use of insurance-type benefit riders in variable annuity products, particularly Guaranteed Living Benefits, or GLBs, has increased dramatically over the last decade. To deliver GLB benefits, which can include guaranteed minimum income, guaranteed account value, or guaranteed monthly withdrawals, insurers engage in various hedging techniques to reduce exposure to capital market risks. The lack of real-time portfolio statistics has hindered risk management groups from creating and stress testing hedging strategies for their sub-advised products.

“Without access to real-time portfolio statistics, no risk management group—sub-advised or otherwise—can effectively manage a hedging strategy,” said Geoff Bobroff, President of East Greenwich, RI-based Bobroff Consulting. “Technology that delivers real-time portfolio statistics to risk managers will almost certainly improve the effectiveness of their hedging programs, including those that include GLB riders.”

Risk analysis based on one- or two-day old data, which is often the case today for sub-advised platforms, forces risk management groups to make constant readjustments to their hedging strategies. In extremely volatile or fast-moving markets, adjusting strategies on lagging data becomes a herculean task that ultimately leads to additional exposure and expense for the underlying sub-advised portfolios.

“The need for real-time statistics in risk management of guaranteed living benefits in variable insurance products has become increasingly clear over the last year,” said Tom Warren, President of UAT, Inc. “UCCS provides the kind of real-time portfolio statistics that will enable more effective and less costly hedging programs associated with GLBs.”

The challenge to effectively hedge risk for sub-advised insurance products has led several product sponsors to lower benefits, increase pricing for GLB riders or drop the feature altogether. A growing list of companies is transitioning their actively managed equity strategies to passive management, with the goal of reducing

tracking error in those portfolios. The real-time portfolio statistics offered by UCCS will enable insurers to better preserve GLB features in their product and actively-managed investment options on their sub-advised platforms.

“UCCS enables insurers and active money managers to collaboratively address this special need by providing continuous real-time data on sub-advised portfolios associated with GLB riders,” says Warren. “That and the fact the system pays for itself should encourage the continued use of actively managed sub-advised portfolios in insurance products with GLB riders.”

Types of sponsors expected to benefit from UCCS include insurance companies, pension plans, mutual fund companies, trusts, endowments and bank trusts groups.

**About UAT, Inc.**

UAT is a Colorado-based technology and consulting company offering the investment industry’s first integrated pre-trade compliance and real-time risk management system for sub-advised platforms. The firm’s innovative ‘Unified Compliance and Control System’ provides superior fiduciary control, lower brokerage costs, and improved investment performance for organizations utilizing external asset management, including insurance companies, pension plans, bank trust groups, 401(k) providers, mutual fund companies, foundations, and endowments. UCCS includes Linedata Service’s award-winning LongView Trade Order Management System and Linedata Compliance to provide supervision over sub-advisor execution orders. For more information, visit Linedata Services corporate site at [www.ldsam.com](http://www.ldsam.com). For more information on UCCS, visit [www.uatinc.com](http://www.uatinc.com).

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