

## Project Background

A large national insurance company sought to produce a report containing equity forecasts for internal use and for external distribution to clients. This report was to be modeled after an existing report for the same audiences focused on interest rates and credit risk.

## Analysis Description and Conclusion

The student consulting team tackled two significant tasks:

- 1 First, the team selected the appropriate benchmarks to measure the historical performance of the company's prior equity forecasts.
- 2 Second, the team developed an understanding of and a means of communicating the new forecasts to users of the reports.

The new standard for communication was to include a comparison to historical data and forward-looking forecasting benchmarks. In addition to delivering on the assigned tasks, the student team identified some shortcomings in the scenario analysis that generated some unreasonable outliers.

» This client has sponsored a number of student consulting projects to the benefit of both the company and students, and has used the engagements to identify employment candidates, several of whom now work at the firm.

# CASE STUDY: Forward-Looking Equity Returns Projection Study

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