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Actuarial Analysis

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What is Actuarial Analysis

Actuarial analysis is a type of asset to liability analysis used by financial companies to ensure they have the funds to pay required [liabilities](#). Insurance and retirement investment products are two common financial products in which actuarial analysis is needed.

BREAKING DOWN Actuarial Analysis

Actuarial analysis is used by many financial companies for managing the risks of certain products. This type of work is done by highly educated and certified professional statisticians who focus on the correlating risks of insurance products and their clients.

Actuarial analysis uses statistical models to manage financial uncertainty by making educated predictions about future events. Insurance companies, banks, government agencies and corporations use actuarial analysis to design optimal insurance policies, retirement plans and pension plans.

Asset to Liability Matching

The methodology for actuarial analysis and risk management is centered around the concept of asset to [liability matching](#). This concept is used in investment management when a product has specified payout obligations.