

สมาคมนักคณิตศาสตร์ประกันภัยแห่งประเทศไทย



The work of science is to substitute facts  
for appearances and demonstrations for  
impressions



# Building Up the Actuarial Profession in Thailand

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# Thai Insurance Sector Overview

The background of the slide features a dark red color with a faint, semi-transparent image of two hands shaking in a firm grip, symbolizing agreement or partnership. The hands are positioned in the lower half of the frame, with the left hand on the left and the right hand on the right, both reaching towards the center.

# Number of Insurance Companies

Line of Business	Today	Pre 1997
Life	24	9 + 4
General	69	60
Health	5	6
Re	1	1
Total	99	80

# Strengths

- Foundations of an insurance industry well in place

# Weaknesses

- Highly regulated leading to inefficiencies, high cost, lack of product and price differentiation, and unprofitable pricing
- Many companies do not have economy of scale
- Prescribed Solvency Margin is simplistic and may lead to false sense of security and inefficient use of capital
- Lack of qualified actuaries and other experts will make it difficult to introduce internal based model for RBC as well as impede product development

# Weaknesses (2)

- Regulators resources in development and implementation of a prescribed model for RBC may be limited
- Asset liability matching and risk management systems are not standard practice
- Data centers are inefficient and data sharing is limited

# Opportunities

- Low penetration of insurance coverage



# Threats

- Government encroachment into profitable insurance business
- Political agenda forcing non-profitable insurance business on to private insurers



# Lack of actuarial skills and expertise is a severe constraint on Thai insurance sector development

- Risk based capital & risk based supervision
- International Financial Reporting Systems
- Product innovation & Pricing
- Asset Liability Management
- Loss Reserving

# Risks

- Risk of inadequate pricing – dependence on tariff; low quality of data
- Risk of inadequate reserving – IBNR flat 2.5% of net premium
- Risk of overcapitalization requirements without appropriate returns to investors

Actuaries are a critical necessity to a competitive and stable insurance industry

- **Realization by all of the critical need to develop actuaries and support the actuarial profession**
- **Expectation that the SOAT will create the framework for the development of technically competent and profession reliable actuaries**
- **Expectation that the SOAT will**

# SOAT – Our Mission

Create the framework for the development of technically competent and professionally reliable actuaries to promote growth, competition, efficiency, stability in the insurance sector and thereby serve public interest.

The Society tasked with proposing and coordinating a comprehensive

# Key Focus Areas

1. Raise Actuarial qualification standards to be in line with IAA requirements
2. Stimulate demand for actuaries
3. Stimulate supply of actuaries
4. Improve Skills and Competency of existing members of the profession
5. Raise awareness of potential role of actuarial profession

# #1 Professional Standards

- Constitution revised raising qualification standards of Fellows of the Society of Actuaries of Thailand
- Code of Professional Conduct has been circulated for comments
- Next step is to introduce disciplinary action process

# SOAT revision to Fellowship requirements

- Fellow of SOAT will be derived from qualified actuaries from:

Society of Actuaries, USA

Casualty Actuarial Society, USA

Institute of Actuaries of UK

Institute of Actuaries of Australia

Canadian Institute of Actuaries

## #2 Stimulate Demand

- “Regulatory change is a critical necessity in creating demand”
- Promote understanding and role of Actuarial Profession to opinion formers, regulators and executives



# Regulatory Change

- Work with the DOI to introduce regulatory changes on qualification, roles and responsibilities of actuaries as well as the role of the SOAT itself.



# Proposed Regulatory Changes

- DOI will require Actuaries with statutory duty to be a Fellow of “recognized actuarial organizations” in 8 years after regulation issued
- SOAT supports this regulation; consider it necessary for all to be a Fellow of the Society of Actuaries of Thailand as well
- Further discussions and regulations on role and duties of “Appointed Actuary” will be needed

## #3 Stimulate Supply

- Public relations campaign creating awareness of actuarial career among students, parents and teachers
- Encourage non-actuarial and actuarial students and trainees to take SOA/CAS qualifying exams.
- Organize SOA/CAS exam preparation workshops to assist candidates.
- Educate companies on need of exam candidates

# University Pre-Qualifying Actuarial Programs

- Seeking cooperation from universities in improvising curriculum in Actuarial education to be in line with minimum IAA guidelines and SOA/CAS exams.
- Seek World Bank assistance in assessing needs of university actuarial programs and possibly providing technical assistance

## #4 Improve skills & competence of existing members

- Organize continuing professional development seminars by local and foreign lecturers.
- Identify and send suitable persons to joint regional seminars held outside the country on technical topics such as GAAP, Asset Liability Management, non-life loss reserves, or Actuarial modeling seminars held by the Singapore Actuarial Society. Objective is to gain knowledge for imparting education, policy making, and assess success of the seminar in order to bring it to Thailand.
- Promote and encourage participation in regional actuarial seminars by members of private sectors and the regulator.
- Develop SOAT as a professional body that is

# #5 Raise Awareness of potential role of Actuarial Profession

- Educate opinion formers
- Represented in important insurance sector council and working groups
- Circulate opinions on insurance sector issues and request for inputs and comments
- News letters – Sawasdee Actuary & IPRB publication

# SOAT Advisors (Former Presidents)

<b>Khun Apiruk Thaipatanagul</b>	<b>Thai Life Insurance Co.,Ltd.</b>
<b>Khun Sutti Rajitrangson</b>	<b>AIA Co., Ltd</b>
<b>Khun Jitrapa Himathongkam</b>	<b>Theptarin Hospital</b>
<b>Khun Suchin Pongsak</b>	<b>Retired</b>

# SOAT Board of Directors

<b>Khun Amornthip Chansrichawla</b>	<b>Mittare Insurance Co.,Ltd.</b>
<b>Khun Paisri Chutiviriyakarn</b>	<b>Southeast Life Insurance Co.,Ltd.</b>
<b>Khun Kitti Rungsisingpipat</b>	<b>ING Life Assurance Co.,Ltd.</b>
<b>Khun Thatsanee Dharmpipit</b>	<b>Ocean Life Insurance Co.,Ltd.</b>
<b>Khun Teeraphol Mekathikom</b>	<b>Chulalongkorn University</b>
<b>Khun Yongyouth Lim</b>	<b>Siam Commercial New York Life Insurance PCL.</b>
<b>Khun Maythaca Laokwansatit</b>	<b>Muang Thai Life Assurance Co.,Ltd.</b>
<b>Khun Thee Yongvanich</b>	<b>Ayudhya Allianz CP. Life PCL.</b>
<b>Khun Weena Chaisilaparungruang</b>	<b>National Institute of Development Administration</b>
<b>Khun Somporn Lalitvongsa</b>	<b>Siam Commercial New York Life Insurance PCL.</b>



# The Committee on Promotion of Actuarial Profession (PAP)

- The FTI delegated the setting up of The Committee on Promotion of Actuarial Profession to the President of the SOAT.
- FTI comprises of representative from Life, Non-Life, Brokers, Agents and Actuarial.

# The Committee on Promotion of Actuarial Profession (PAP)

<b>1. Khun Amornthip Chansrichawla</b>	<b>Mittare Insurance Co.,Ltd.</b>
<b>2. Associate Professor Suwanee Surasiengsunk, Ph.D.</b>	<b>Chulalongkorn University</b>
<b>3. Assistant Professor Thitivadee Chaiyawat, Ph.D.</b>	<b>Chulalongkorn University</b>
<b>4. Piyawadee Khovidhunkit, Ph.D.</b>	<b>National Institute of Development Administration</b>
<b>5. Khun Nittaya Piriathamwong</b>	<b>The Insurance Premium Rating Bureau</b>
<b>6. Khun Sorat Vonganankit</b>	<b>AXA Insurance PCL</b>
<b>7. Khun Suchin Pongpuengpitack</b>	<b>AIA Co., Ltd</b>
<b>8. Khun Suwaphand Sangprakai</b>	<b>Manulife Insurance (Thailand) PCL</b>
<b>9. Khun Pichet Jiarameetaweessin</b>	<b>ING Asia Pacific</b>

# Budget Development

- Preliminary estimate of 3.5 m baht per year for 3 years
- TLAA and GIA share equally in the cost

# Recent Developments in the Non-life Business

- The establishment of the 'Insurance Premium Rating Bureau'
- Regulation requiring Chain Ladder Method in IBNR calculations and actuarial certification of claims loss reserve



# The Insurance Premium Rating Bureau

- Initiated in 2003 as a department within GIA
- The commissioner agreed on the principles of IPRB establishment in 2004.
- IPRB commenced operations on April 4, 2005.

# Why was IPRB established?

- One of the key initiatives to support premium rating deregulation plan of the regulator.
- A mechanism to support industry readiness for the liberalized market environment.

# IPRB Mission

Provide insurance statistics and actuarial analysis for the members to realize vision for a *competitive, efficient and stable* insurance industry.

# How to achieve the mission?

IPRB invests in:

- People - build actuarial skills.
- Process - find excellent working process both for internal and external related parties.
- Technology - owns a dynamic & secure IT infra-structure.



# Key Actuarial Skills Needed for the Non-life Business

- Ratemaking & Individual Risk Rating
- Loss Reserving
- Risk Classification

# New Constitution

- Membership Categories
- Recognized Actuarial Associations
- President and Board of Directors
- Voting Rights

# Membership Categories

Fellow members

Associate members

Ordinary members

Institutional members

Honorary members

# Recognized Actuarial Associations

- Institute of Actuaries, England
- Faculty of Actuaries, Scotland
- Society of Actuaries, United States of America
- Institute of Actuaries of Australia
- Canadian Institute of Actuaries
- Casualty Actuarial Society, United States of America

# President

- Pre 2016 – Fellow, Associate, Ordinary
- 2016 onwards – Fellow member only
- Foreigners must be resident of Thailand or have employment contracts for 2+years

# Board of Directors

- Pre 2016 – Fellow, Associate, Ordinary
- 2016 onwards – Fellow, Associate, no more than 2 ordinary members
- At least 8 board members required
- Foreigners must be resident of Thailand or have employment contracts for 2+ years

# Voting Rights

- Pre 2016 – Fellow, Associate, Ordinary
- 2016 onwards – Fellow and associate only

# SOAT Voting members

Life insurance	62
Non Life Insurance	4
Regulator	5
Lecturers	12
Other	3
Total	86



# Impact on current membership

- Yet to be calculated
- Grandfathering of current fellow members status will terminate by end of 2015
- Only 4 members currently qualify as Fellows if no grandfathering
- If expatriates were active in SOAT, we may get 10 to 25 qualified more members
- Regulatory change will boost number significantly

# Thai FSAs & Background

- 4 Thai FSAs
- 3 Chulalongkorn, 1 NYU
- All qualified while working – 3 AIA, 1 Towers Perrin
- Almost all active are from Chulalongkorn, NIDA or Thammasart

# Other Qualifications

- Professors – Masters, Doctorates in Risk Management, Actuarial Science, Statistics from US Universities. Georgia State, Wharton.
- Regulators Office – US degrees

# SOA/CAS Exam Participant Summary

Date	Exam	Name	Registered
11/5/07	CSP- IU	Individual Life & Annuities United States - Company/Sponsor Perspective	3
	AFE	Advanced Finance/ERM	1
16/5/07	C	Construction and Evaluation of Actuarial Models	5
17/5/07	MLC	Actuarial Models – Life Contingencies	10
	MFE	Actuarial Models – Financial Economics	1
25/5/07	FM	Financial Mathematics	28
Total			<b>48</b>

# Current Statutory Duties

- Minimum - Graduate Degree in Actuarial Science with 5 years experience to sign valuation of life reserves
- Actuary to sign IBNR using chain ladder methodology for non-life companies in 2 years. No definition of Actuary yet.

# Major issues facing profession

- Actuarial Qualification requirements for life and non-life statutory roles need to be strengthened and need to converge with the Society of Actuaries of Thailand.
- Regulators themselves need to have access to qualified actuaries as advisors in monitoring and supervision roles and as technical experts in prescribing new regulations
- Regulators should accept the Appointed Actuary concept and they must be strong enough to ensure independence of Appointed Actuary and ethical behaviour of Appointed Actuary

# Major issues facing profession

- Regulatory body needs to understand the role and relevance of a national actuarial association.
- Regulators need to set appropriate working groups before introducing regulations.