

## **Worldwide Outlook for Casualty Consulting Actuaries**

International Association of Consulting Actuaries  
Biennial Conference  
Hershey, PA  
June 5, 2000

## **Casualty Actuarial Society**

The CAS is a learned body and an organization of professionals dedicated to the advancement of actuarial science as applied to *property, casualty and similar risk exposures.*



## Casualty Actuarial Society

### Type of Employment Distribution of CAS Members

Insurance Companies	1766	51%
Consultants	667	19
Reinsurance Companies	395	12
Other	334	10
Retired	199	6
Government	<u>74</u>	2
	3435	



## Casualty Actuarial Society

### CAS Members Practicing as Consultants over Time

	<u>#</u>	<u>% of Membership</u>
1970	41	8%
1980	98	11
1990	366	22
2000	667	19



# Casualty Actuarial Society

## Geographic Distribution of CAS Members

	<u>Consultants</u>	<u>Other</u>
U.S.	605	2475
Canada	45	172
Bermuda	9	41
Europe	4	50
Far East	2	18
Australia	1	4
Other	<u>1</u>	<u>8</u>
	667	2768



# Casualty Actuarial Society

- ◆ Even though only 4% of CAS members live outside of North America, 20%\* have primary business responsibilities outside North America.

\* 1998 CAS Membership Survey



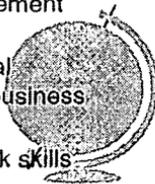
## Outlook for Casualty Actuaries in the U.S. and Canada

- ◆ Demand for casualty actuaries will continue to exceed the supply for another 5-10 years even with skills at status quo.
  - Deteriorating financial results of Property and Casualty Insurance Industry
  - Trend toward using actuaries to address a broader spectrum of challenges within P&C industry



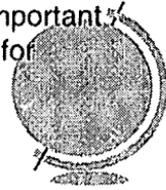
## Outlook for Casualty Actuaries in the U.S. and Canada

- ◆ Long-term demand for casualty actuaries will continue to exceed supply **IF** casualty actuaries enhance their skills and tools
  - Continued improvement in Finance and Investment knowledge
  - Continued improvement in Dynamic Financial Analysis tools
  - Development of Enterprise Risk Management skills and tools
  - Greater ability to quickly adapt traditional actuarial methods to a wider variety of business contexts
  - Enhanced communication and teamwork skills



## Outlook for Casualty Actuaries in Europe

- ◆ Largely similar to the U.S. and Canada
- ◆ De-tariffication in the European Union has created increase demand, although availability of useful data is a challenge.
- ◆ Capital allocation issues are more important in Europe and create more demand for casualty actuaries than in the U.S.



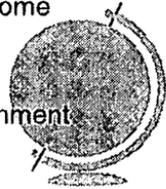
## Outlook for Casualty Actuaries in Asia

### Japan

- ◆ Currently, casualty actuarial profession is very small and not as developed technically as U.S., Canada, and Europe.
- ◆ Great potential demand as de-regulation occurs and more advanced casualty actuarial skills and techniques become known.

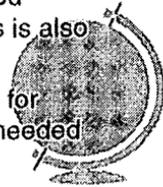
### Rest of Asia

- ◆ Great potential as shift from government monopolies to privatization occurs.



## Outlook for Casualty Actuaries in Latin America

- ◆ Shift from government monopolies to private markets is increasing demand for casualty actuaries.
  - Example: The IRB, the government owned reinsurance company in Brazil is being privatized, and CAS members in consulting practices have been employed to assist.
- ◆ Reserving for “Incurred but Not Reported” (IBNR) is becoming mandatory and this is also increasing demand for actuaries.
- ◆ Privatization of insurance creates need for insurance regulations. Actuarial skills needed for this as well.



## Worldwide Outlook for Casualty Consulting Actuaries

- ◆ Outlook for Casualty Actuaries is excellent if the profession keeps their skills up-to-date and their thinking broad and creative.
- ◆ Outlook for consultants versus company casualty actuaries is less clear.
- ◆ Demand for consultants will be highest in emerging areas (both geographically and business application.)
- ◆ Assuming cost of using consulting actuaries continues to be higher than cost of using company actuaries, demand for company actuaries will exceed consultants for well developed applications.

