



First CIS Actuaries Congress  
Fifth International Conference of the Russian Association of Motor Insurers

# **Building the Actuarial Profession in the CIS Countries**

**How the Actuarial Profession Can Help  
to  
Develop General Insurance Business**

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# Two Perspectives



- From the perspective of the actuarial profession as a whole
- From the perspective of individual actuaries



## **Full Member Association (FMA) of the IAA**

- **Meet minimum education standards**
- **Have a Code of Professional Conduct**
- **Have a formal discipline process**
- **Have a process for establishing standards of practice**

**Fully Qualified Actuary members of FMA**



## **Knowledge required**

- **Probability, Statistics and Financial Mathematics**
- **Actuarial Models**
- **Financial Economics**
- **Ratemaking (Pricing)**
- **Reserving**
- **Insurance Accounting Principles**
- **Reinsurance**
- **Enterprise Risk Management**
- **Law, Regulations and Financial Reporting**
- **Investments and Financial Analysis**
- **Professionalism**



- **Random variables and their characteristics**
- **Correlation and regression analysis**
- **Hypothesis testing and confidence intervals**
- **Theory of interest rates**
- **Cash flow models**
- **Dynamic portfolio management**
- **Applications to insurance and other financial liabilities**



- **Model Structures**
- **Calibration and Validation**
- **Scenario Setting**
- **Sensitivity Testing**
- **Limitations**



- **Micro  
economics**

- **Macro  
economics**



## **Overall Rate Level**

- **Develop losses to ultimate value**
- **Trend past losses to future values**

**Allocate to classification and territory**





- **Estimates of ultimate value**
- **Discounted value**
- **Provision for adverse deviation  
(risk margin)**



- **International Financial Reporting Standards (IFRS)**
- **Statutory**



- **Transfer of risk from primary insurer to a reinsurer**



- **Investment risk**
- **Credit risk**
- **Liability risk**
- **Operational risk**
- **Reputational risk**
- **Environmental risk**



- **Operate within the environment**
- **Solvency!**



- **Types of investments (bonds, shares, property and derivatives)**
- **Valuation of investments**
- **Portfolio selection – incorporating assessment of relative value**
- **Performance measurement**
- **Portfolio management**



## **Characteristics and standards of a profession**

- **Specialized skill and education**
- **Ongoing training and development**
- **High quality of advice**
- **Exercise of independent judgement**
- **Objectivity, integrity and accountability**



- **Code of Conduct**
- **Discipline Process**
- **Practice standards set by actuarial bodies and other stakeholders**
- **Regulatory roles of actuaries**
- **The professional role of the actuary – the public interest**





- **An actuary is that professional trained in evaluating the current financial implications of future contingent events.**
- **Applying this talent to the general insurance business will lead to a stronger industry.**