



# Professionalism in General Insurance

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29 November 2008 – Grand Marriott Hotel – Moscow



- Summary – do the right thing!



- The opinion of an actuary is highly respected in Russia
- Build upon that reputation



## What is expected of an actuary as a professional?

- Special knowledge
- Ethical behaviour
- Careful calculations



# Perspectives on Professions

- Essential Characteristic of a Profession
  - Expertise in area where professional services are performed
  
- Requirements
  - Setting selective standards for admission
  - Training for the attainment of professional competence
  - An organization to test such competence



# Perspectives on Professions

Regardless of employment status,  
professionals have a mandate from their  
profession to act in the public interest.



# Topics

- Regulation
- Professionalism
- Standards of Practice
- At work



# Regulation

- Insurance law and regulations
- Requirements of regulators
- Actuarial standards of practice
- Accounting standards





# Professionalism

- Code of conduct
  - Competence
  - Integrity, skill and care
  - Avoiding conflicts of interest
  - Confidentiality
  - Cooperation with others
- Compliance with Practice Standards
- Clear communication of uncertainty



# Standards of Practice

While the Code of Conduct

deals with broad ethical and behavioural issues...

...standards of practice are concerned with

specific behaviours required of the actuary

in relation to particular practice area applications,

often in connection with statutory duties

imposed on the actuary.



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# Standards of Practice

- Developed to meet the expectations of users of the professional services
- Provide guidance for
  - dealing with commonly encountered problems
  - handling new problems & non-routine situations
- Ensure the high quality of professional services



# Standards of Practice

- the IAA does not require Full Member Associations to issue standards of practice
- however, if they do, they must first have in place a compliant due process for consulting on the introduction and wording of standards of practice.



# Standards of Practice

- Several of the IAA Full Member Associations have issued many standards of practice
- Actuaries should take care to understand which standards of practice (if any) apply to any actuarial services they are providing in any jurisdiction where they are working.
- in some countries (e.g. China) actuarial standards of practice are laid down by the regulator.



# IAA Standards of Practice

- IASP 1 - Guidelines of Actuarial Practice for Social Security Programs
- IASP 2 - Actuarial Practice
- IASP 3 - Classification of Contracts
- IASP 4 - Measurement
- IASP 5 - Current Estimates
- IASP 6 - Liability Adequacy Testing
- IASP 7 - Discretionary Participation Features
- IASP 8 - Changes in Accounting Policies
- IASP 9 - Accounting for Reinsurance Contracts
- IASP 10 - Embedded Derivatives and Derivatives
- IASP 11 - Business Combinations
- IASP 12 - Disclosure of Information about Insurance Contracts



# Topics for Standards in General Insurance Practice

- Expert Testimony by Actuaries
- Appraisals of Casualty, Health, and Life Insurance Businesses
- Discounting of Property and Casualty Loss and Loss Adjustment Expense Reserves
- Data Quality



# Topics for Standards in General Insurance Practice

- Expense Provisions in Property/Casualty Insurance Ratemaking
- Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking
- Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves





# Topics for Standards in General Insurance Practice

- Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking
- Actuarial Communications
- Property/Casualty Unpaid Claim Estimates



## At work

- Roles reserved for actuaries
- Commercial pressures
- Terms of reference and scope of assignment
- Interaction and communication with client



# Sins of the past

- weak reserving
- inadequate recognition of latent claims
- falling in with the management
- mis-interpreting claim dynamics
- major failures such as HIH(Australia) and Independent (UK)



Questions?



Thank you