Actuarial Involvement in Wider Fields

An Australian Perspective

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Actuarial Involvement in Wider Fields

• 50% of FIAAs - Life Insurance or Pensions (Super) as primary practice area

• Increasing number of FIAAs are working in General Insurance, Health, Finance, Banking, Investment and Funds Management
Actuarial Involvement in Wider Fields

- Leading edge research and policy development in “wider fields”
- New Climate and Energy Practice Committee
- IAAust Futurism Committee
- Conferences with other professions and groups
Climate Change

• Kyoto Protocol
• Cost and competitive implications
• Complex, long term risks
• Actuaries advise on Corporate Climate Change Strategies and assess expected impacts of emissions trading on existing operations
• Also evaluate the impact of Climate Change Policy on new investment projects
Electricity Markets and Energy Trading

- Volatility in supply and demand factors
- Competitive market creates new financial risks for buyers and sellers
- Actuaries advise market participants on risk management
- Also analyse the market and apply stochastic analysis
- Consider alternative risk investigation approaches eg weather derivatives
Infrastructure Investment

• Projects such as roads, airports, power stations, mines and pipelines
• Alternative sources of finance
• Complex financial analysis and cash flow modeling required
• Risk allocation puzzle between investors, lenders, operators, governments, users
• Use scenario and Monte Carlo analysis or other advanced quantitative techniques
New Fields for Actuarial Science and Practice

• Genetic Developments
• Valuation of Biodiversity
• Weather Derivatives
• Socially Responsible Investments
• Environmental Management and Sustainability
• Neural Networking