

5th
Global
Conference *of*
ACTUARIES

19&20TH FEBRUARY, 2003
FEDERATION HOUSE, NEW DELHI



ACTUARIAL SOCIETY OF INDIA



FEDERATION OF INDIAN CHAMBERS OF
COMMERCE AND INDUSTRY



ASSOCIATION ACTUARIELLE INTERNATIONALE
INTERNATIONAL ACTUARIAL ASSOCIATION



FOREWORD

Actuaries have and are playing an extremely important role in the development of sound and vibrant Financial Sector worldwide. Post privatization of Insurance Sector in India, need was felt to give necessary filip to the actuarial profession here. This objective brought FICCI and ASI together five years back. This is our fifth year of fruitful partnership with the Actuarial Society of India in strengthening the Actuarial Profession in the country, inviting expertise from all over the globe and sharing the developments taking place at one forum. The rich papers that have been discussed at this forum in last four years have helped making significant contributions in the policy making as well. We wish to see the application of this profession in the entire Financial Sector in India.

I would here like to acknowledge excellent support we have been getting from IRDA in organizing this conference. Constant support from Mr. N. Rangachary, Chairman, IRDA, members and other officers of IRDA have helped us tremendously in keeping up the standard and spirit of this conference to the desired level.

This year we welcome our third partner, the International Actuarial Association who have joined in our endeavour in creating world class actuarial profession in India. I am sure their support will help us achieve this objective much faster.

The increasing popularity of this profession in India is indeed encouraging and gives us tremendous sense of satisfaction. With increasing awareness about risk management, the need to have well qualified actuaries in the country has amplified. The Global Conference of Actuaries will help throw up desired solutions to several such challenges.

I take this opportunity to thank all the agencies and bodies who have helped us make this event possible. A special word of appreciation for the commendable work done by IRDA and the Ministry of Finance in the field of Insurance and related activities. Finally, I express my gratitude to all our sponsors for their encouragement and hope that they will continue to support our future endeavours.

A handwritten signature in black ink, appearing to read 'Amit Mitra'.

(Amit Mitra)
Secretary - General, FICCI



FOREWORD

The 5th GCA is slightly different than the earlier ones. ASI and FICCI have been marching ahead in their endeavour to provide input to the insurance and other sectors of the Indian economy needing actuarial support. This time around we have the International Actuarial Association (IAA) as well to co-host the conference. This takes us to the centre stage of the actuarial world.

India is a large emerging economy and successful transition from state owned insurance sector to liberalised and competitive insurance market is hallmark of its determination to take the economic reform agenda ahead. This has happened without adversely affecting the performance of state- controlled insurers. Determination of the Regulator; IRDA to ensure sound financial regulatory management was manifested through the introduction of Appointed Actuary system in life as well as general insurance sectors. Little over two years on, now is the time to take stock of the current state, look back a little and formulate agenda for marching forward. And that is where this conference is slightly different.

The IAA by associating itself as co-host is bringing to stage the global actuarial issues being addressed to now to India and surely we in India need to capture the essence of these issues and move along. Fair value accounting of insurance contracts is one such issue. A lot is going on and ASI has pro-actively commissioned a paper for deliberations in the conference. On the same topic but focusing on other aspects of Fair Value accounting issues there are two other papers as well.

We have had two years experience of working with current capital and solvency regime and there are papers that look at the current status and suggest a better way forward. Similarly, ASI made an attempt to contribute to Government of India's work in Comprehensive Review of Insurance Laws and thus came the ASI constituted S P Subhedar Committee Report. This report will be discussed during the conference so as to provide a much wider base for enabling debate on key issues to take place.

“Pension reforms” have been around with us for quite some time and besides a paper on the subject we have a major issue on our hand and that relates to annuities and guarantees embedded in to them. Continuing improvement in mortality and lack of adequate research and thus insufficient technical support needed for annuities business to thrive, has been a matter of concern for the life insurance industry, the IRDA and of course of the ASI. We have a paper on the subject from CMIB of UK whose help is being sought to get some action kicked-off in India.

Inadequate actuarial input in the management of general insurance needs to be addressed and in this regard we have number of good quality papers from established general insurance actuaries around the world.

The 33 papers put up for deliberations out of total of 35 which are taken on record provide a rich canvas to attract actuarial and other interests in very wide areas of its applications.

I welcome all of you again and hope that each one of you will leave the conference with sense of intellectual satisfaction and fulfillment .

(Liyaquat Khan)

President-Actuarial Society of India

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