Country Issues – Opportunities and Challenges

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Actuaries in China...

An ACTUARY
How Do We Look Like?

- We are young
  - Most are in their 30’s.

- We are kind of scarce resources
  - By 30 June 2010, there are 198 Fellow of China Actuarial Association and 1281 Associate of China Actuarial Association in China
  - By 31 December 2011, there are 295 FSA and 288 ASA and 27 CERA in China
  - By 31 December 2010, there are more than 250,000 lawyers and more than 100,000 CPAs in China.
How Do We Look Like? (Cont’d)

- We are considered to be insurance expert, but only insurance…
  - More than 90% of us work in the actuarial department of insurance companies
  - Most of us live in Beijing or Shanghai

- We are kind of unique
  - We live with assumptions.
  - We deal with problems of long-term nature.
  - We are trained to be comfortable with the uncertain or contingent nature of many events
What are our main challenges?

- **Regulatory changes**
  - New accounting standard: IFRS
  - Introduction of Variable Annuities
  - Implementation of ERM
  - Economic Capital (not compulsory until 2014)
  - Solvency regulations under transformation

- **Emerging trend**
  - Life insurance business is under pressure to transform
  - Growth rate is slowing down, agency channel hit bottleneck, bancassurance business negative growth, over-reliance on savings type product, poor capital/solvency management, etc.
What are our main challenges? (Cont’d)

- Depth vs. Width of technical expertise
  - You are expected to know something about everything…

- Professionalism
  - Rule based change to principle based. Need more professional judgment

- Perceptions of Style
  - Actuaries are introvert who only talk with computers
  - Actuaries are number crunchers
  - Actuaries are magician who can decide the company’s bottom line
What are our main opportunities?

- We are in the industry with high growth rate.
  - About 30% CAGR for China’s life insurance market in the past 10 years.
  - Already the second largest life insurance market in Asia as for total premium volume.
  - The growth is expected to slow down a bit in the next 10 years. However, it will still outpace the developed world.

- China’s medical reform, urbanization and aging population will bring new business opportunities
  - Micro-insurance
  - Medical insurance
  - Annuity business
What are our main opportunities? (Cont'd)

- Grasp the opportunity to add value to the company that regulatory changes are bring about

- Help solve the problems that China’s insurance industry is facing during the transformation
  - Product portfolio diversification
  - Pricing interest rate liberalization
  - Quantity vs. quality
  - Etc

- Widen the sphere of influence and expand our role
The Future
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Thank You

Welcome to China!

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