Dear members,

Welcome to the Mar-Apr 2021 edition of ASTIN Newsletter. This is a general update of ASTIN activities over the past two months as well as its future planned activities.

**Annual General Meeting**

During the week of the Online Colloquium, we will also hold the Annual General Meeting (AGM). The following board members are stepping down:

- Frank Cuypers
- Agnieszka Bergel
- Kirsten Sasady
- Roger Hayne

The following people are standing as candidates for election to the board:

- Jose Maria Agurcia (Honduras)
- Ron Richman (South Africa)
- Frank Cuypers (Switzerland)
- Sarah Kastel-Bjerg (Denmark)
- Alma Qamo (Albania)
- Brian Fannin (US)
- Douglas Carey (US)

**Board Election: Vote Now**

Voting for the board has been opened. Please visit this site to cast your vote for the four (4) candidates who you would like to see on the board.

We encourage members to exercise their right by voting in this year’s election!
Online Colloquium - Get Excited!

Because of the ongoing COVID pandemic, ASTIN had to postpone the planned Colloquium in Orlando until next year, 2022. In its place, this year will feature an online colloquium during the week of 17 May.

The online colloquium will comprise the usual multiple track scientific program and plenary keynote presentations, plus a series of demonstrations and other remote social activities.

Registration and more information may be found on the ASTIN website.

<table>
<thead>
<tr>
<th>Date/Time (CET)</th>
<th>Chapter</th>
<th>Keynote</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 May 09:00</td>
<td>Denmark</td>
<td>Sam Millard</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Renewable Energy Insurance – An Underwriter’s Perspective</em></td>
</tr>
<tr>
<td>18 May 14:00</td>
<td>France</td>
<td>Philippe Talleux</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Autonomous vehicle risks &amp; insurance</em></td>
</tr>
<tr>
<td>19 May 09:00</td>
<td>Switzerland</td>
<td>Hansjörg Albrecher</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Randomness, scenarios and structured reinsurance</em></td>
</tr>
<tr>
<td>19 May 14:00</td>
<td>Italy</td>
<td>Nicola Biscaglia, Sergio Desantis and Francesca Di Paola</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Pandemia effects on Italian Insurance Market</em></td>
</tr>
<tr>
<td>20 May 09:00</td>
<td>Japan</td>
<td>Shunichi Nomura</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Modeling and Prediction of Recurrent Earthquakes</em></td>
</tr>
<tr>
<td>20 May 14:00</td>
<td>Germany</td>
<td>Dietmar Pfeifer</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>The European way to sustainable insurance - the ESG challenge</em></td>
</tr>
<tr>
<td>21 May 11:00</td>
<td>ASTIN General Assembly</td>
<td>Greg Taylor</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Model error in loss forecasts - What is it? Why should we care? How might it be measured?</em></td>
</tr>
<tr>
<td>21 May 14:00</td>
<td>Casualty Actuarial Society</td>
<td>Donald Mango</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Actuarial Engineering in the Digital Age</em></td>
</tr>
</tbody>
</table>

Call for ASTIN Webinars

For information about future ASTIN webinars please refer to the ‘Our Activities’ page on the ASTIN website. If you are interested in proposing a webinar, please contact Roger Hayne, or Brian Fannin.
Talking with Roger Hayne

After having served on the ASTIN board for several years, Roger Hayne is moving on. We thought this would be a great opportunity to catch up with him as he reflects on his time with ASTIN.

Roger Hayne (RH): Let me begin with saying I spent my entire actuarial career in consulting. As such although I have worked with actuaries, actuarial staff, and senior management in insurers, and even as a “rent-an-actuary” helping out a client as a short-term staff actuary early in my career. I’m saying this because changes in the profession have evolved differently in the two environments.

ASTIN Newsletter (AN): Understood. Roger, you’ve been in this industry for quite a while and I’m sure you’ve seen some significant changes. What are a few of the big shifts that really stand out for you?

RH: As with many industries automation has significantly changed the actuary’s workflow, but not necessarily the actuary’s product. I can regale you with stories about the “old days” where “spreadsheet” meant a piece of paper with rows and columns of cells into which you wrote either data or the result of a calculation. No, I’m not THAT old, though we did not yet have “personal computers” we did make use of computers, but via “time share” where we bought time on larger main frame or minicomputers remotely. Think of this as an early and very limited version of cloud computing. A significant feature of this regime was that the analysis and communication portions of our work (doing the work and talking about it) were completely separate and cutting and pasting involved physically cutting and pasting printed paragraphs.

The advent of the personal computer first allowed us to mechanize the “spreadsheet” side of our work and spend more time on the real actuarial work of understanding what is happening to influence our projections and guide the company’s course. Personal computers and the growth of software allowed us to integrate communications with analysis, freeing up even more time for the “real” work of analysis, understanding and communication.

Much of my career has been in the reserving side of the house. At the beginning of my career, there was just not sufficient analytic or computational “horsepower” to analyze liabilities at a claim level. As a result, our methods focused nearly exclusively on data summarized in usual development triangles, though we did some claim level analysis and valuation. This is one aspect of actuarial work that really has not changed significantly over my career. From what I have seen, there are a number of new reserving approaches, including analysis at a claim level, and stochastic methods using data summarized by triangles. However, it has been my experience that reserve analysis is currently employing much of the same methodology we employed with spreadsheets and time-share.

The ratemaking side, however, has seen much more of an evolution in analysis with eager adoption of methods looking in detail at the claim and policy level. In contrast to reserving, approaches to ratemaking have readily adopted new methods of analyzing and using available data including generalized linear models, neural networks, trees, and other techniques of “big data.” These methods are extensively used in identifying profitable risks as well as better relative rates among different insureds or classes of insureds. From what I have seen, though, analysis for overall rate level needs has changed much less than that for more granular rate adequacy.

Why do we see this dichotomy in actuarial methodologies between reserving and ratemaking? It is possible the very nature of the reserving versus ratemaking. Reserving directly impacts reported financial results and can reflect liabilities that can take years to settle. Changes between the time data is available and that for all claims to settle can significantly impact the adequacy of reserves. As such, to rationally set reserves the manager needs to understand what can affect ultimate payments, so it is key to identify the factors that can affect those future payments so they can be appropriately addressed in setting reserves.

This is in contrast with granular ratemaking analysis. Typically, rates are being charged in the year after the analysis is set and the granular data is for a limited number of years before that. For this reason, relative rate differences probably do not change materially between the data used for granular ratemaking and the time rates are to be charged. Thus, factors that can affect the future are probably much less significant in classification (or granular) ratemaking applications than for reserving.

AN: Over that same period of time, have there been any constants in actuarial practice?

RH: The basic job has remained relatively constant through my career. It is the actuary’s job to make sense out of historical experience to guide future financial decisions. I have always felt the most important part of an actuary’s job...
is to understand the data, the conditions underlying those data, and how I believed likely future conditions would affect ultimate payments. For me it is critical to identify the significant factors that could affect the principal’s decision about future action.

AN: On that same theme, your work with ASTIN has brought you in contact with folks from all over the world. Is there a way in which we do things similarly, no matter where we’re working?

RH: I have been an ASTIN member for nearly my entire career. Part of the reason I joined was to recognize that there is a lot for us American actuaries can learn from those outside the U.S. In addition to my ASTIN experience I had the privilege of estimating reserves for a London Market company for a number of years. This opened my eyes to practice outside the U.S. and what American actuaries could learn from our brothers and sisters beyond our borders.

AN: Can you give us one of your fondest memories from your work with the ASTIN board?

RH: Working with the ASTIN Board and the IAA Secretariat who supports the Board to continue to move ASTIN forward through the 21st Century. But it is not all work. I particularly enjoyed the chances for social interaction and the opportunity to get to know really stellar actuaries from around the globe.

AN: Your work with ASTIN has enabled you to travel to some fantastic places. Is there any place you’ve not yet been to, that you’d be keen to see?

RH: Agreed. Lots of great places. Now that I’m not actively employed as an actuary and am immunized against COVID (to the extent possible) we’ve been looking at possible future destinations. We have a fortnight tour of Egypt scheduled for November 2021 followed by planning nearly the same amount of time in Greece next March 2022. On the list are also more of the U.S. and possibly Machu Picchu and the Galapagos.

AN: What have you learned most from the next generation of actuaries?

RH: APL is not the only computer language you can use for actuarial analysis. Seriously APL is a computer language first widely implemented on mainframes and which was well adapted for time-share environments. It is a very compact high-level language that is incredibly computationally powerful and a “natural” for actuarial applications. The next generation made it clear that APL was not the wave of the future and introduced me to R (and MatLab). Though not as compact as APL, packages available in R make it a wonderful and powerful took to have in my toolchest.

AN: Any parting wisdom for that same group of up-and-coming actuaries?

RH: I was privileged to give the address to new members at the May 2019 CAS Spring Meeting in New Orleans, Louisiana. In that speech I urged the new CAS members to “Embrace the Future.” Embrace new technologies to better deliver understand the financial impact of future uncertain events. Remember what actuaries bring to the table, the understanding of the impact of changes in practices or conditions on estimates of future losses and communicating that understanding to financial decision makers.
Forthcoming Events

IAA Meetings

Sydney, Australia 28 May – 1 June 2023

ASTIN Colloquia

Week of 17 May 2021 - Completely online

More details at this link.

May 2022 - Orlando, FL, USA

Postponed from 2021

2023 — 28 May - 1 June, Sydney, Australia (postponed from 2022)

ASTIN Colloquium will be held as part of 32nd ICA.

2026 - Tokyo, Japan

ASTIN Colloquium will be held as part of 33rd ICA.

Resources

Don’t forget the following resources which have a lot of information about ASTIN, and its research:

ASTIN Annual Report | ASTIN Bulletin | ASTIN Video | ASTIN Newsletters | ASTIN website

Also, please follow us on social media: LinkedIn, Twitter and Facebook.

Contacts

Key contacts on the ASTIN Board

- Frank Cuypers [Chairman]
- Axel Wolfstein [Secretary]