Building the Actuarial Profession in the CIS Countries

How the Actuarial Profession Can Help to Develop General Insurance Business

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Two Perspectives

- From the perspective of the actuarial profession as a whole
- From the perspective of individual actuaries
Full Member Association (FMA) of the IAA

- Meet minimum education standards
- Have a Code of Professional Conduct
- Have a formal discipline process
- Have a process for establishing standards of practice

Fully Qualified Actuary members of FMA
Knowledge required

- Probability, Statistics and Financial Mathematics
- Actuarial Models
- Financial Economics
- Ratemaking (Pricing)
- Reserving
- Insurance Accounting Principles
- Reinsurance
- Enterprise Risk Management
- Law, Regulations and Financial Reporting
- Investments and Financial Analysis
- Professionalism
- Random variables and their characteristics
- Correlation and regression analysis
- Hypothesis testing and confidence intervals
- Theory of interest rates
- Cash flow models
- Dynamic portfolio management
- Applications to insurance and other financial liabilities
Actuarial Models and Applications

- Model Structures
- Calibration and Validation
- Scenario Setting
- Sensitivity Testing
- Limitations
Financial Economics

- Micro economics
- Macro economics
Overall Rate Level

- Develop losses to ultimate value
- Trend past losses to future values

Allocate to classification and territory
Reserving

- Estimates of ultimate value
- Discounted value
- Provision for adverse deviation (risk margin)
International Financial Reporting Standards (IFRS)
Statutory
Transfer of risk from primary insurer to a reinsurer
Enterprise Risk Management

- Investment risk
- Credit risk
- Liability risk
- Operational risk
- Reputational risk
- Environmental risk
Law, Regulations and Financial Reporting

- Operate within the environment
- Solvency!
Investments and Financial Analysis

- Types of investments (bonds, shares, property and derivatives)
- Valuation of investments
- Portfolio selection – incorporating assessment of relative value
- Performance measurement
- Portfolio management
Characteristics and standards of a profession

- Specialized skill and education
- Ongoing training and development
- High quality of advice
- Exercise of independent judgement
- Objectivity, integrity and accountability
Professionalism

- Code of Conduct
- Discipline Process
- Practice standards set my actuarial bodies and other stakeholders
- Regulatory roles of actuaries
- The professional role of the actuary – the public interest
An actuary is that professional trained in evaluating the current financial implications of future contingent events.

Applying this talent to the general insurance business will lead to a stronger industry.